



Daily Report

China

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Daily Report

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General

Third UNGA Disarmament Session Begins

OW0106191688 Beijing XINHUA in English
0529 GMT 1 Jun 88

[Text] United Nations, May 31 (XINHUA)—The UN General Assembly began its third special session on disarmament (SSOD III) this afternoon to map out a program of action on nuclear and conventional disarmament as well as confidence building measures.

Government delegations from more than 140 member states are taking part in the special session, which will last till June 25. The Chinese delegation, headed by Foreign Minister Qian Qichen, participated in the opening session.

In his opening remarks, session President Peter Florin said that the meeting will seek for ways and means to ensure general security based on a balance of interests between all groups of member states of the organization.

He pointed out that the disarmament mechanism created within the framework of the United Nations offers the basis for developing and substantiating a comprehensive disarmament process at all levels.

In his address to the session, UN Secretary-General Javier Perez de Cuellar urged delegates to combine imagination with realism and a readiness to accommodate the legitimate concerns of all member states.

In separate press conferences before the session, representatives of the United States and Soviet Union both pledged to work in "a cooperative and constructive spirit" and "a non-confrontational approach" to achieve a consensus document as an outcome of this session.

The SSOD III convenes at a time when U.S. President Ronald Reagan and Soviet leader Mikhail Gorbachev are holding their fourth summit meeting in Moscow. The UN chief cited their signing of INF treaty and negotiations on the 50 percent cut of their strategic arsenals as "encouraging developments."

However, he said, bilateral, regional and global disarmament efforts should "support and complement each other."

The assembly also heard and approved a report from the preparatory committee, and adopted the agenda for the session.

The general debate will begin tomorrow and continue till June 14, followed by discussions on substantive issues.

Disarmament Document Outlines Concrete Proposals

OW0206013688 Beijing XINHUA Domestic Service
in Chinese 0633 GMT 1 Jun 88

[By reporter Qian Wenrong]

[Text] United Nations, 31 May (XINHUA)—The Chinese delegation submitted a working document to the third United Nations General Assembly special session on disarmament today, pointing out that a new trend has emerged in the arms race between the two superpowers, characterized by its extension into outer space and the shifting to quality improvement of weapons, and stressing that the countries, which possess the largest nuclear and conventional arsenals and bear a special responsibility for disarmament, should be the first to take concrete actions to drastically reduce their arsenals.

The document also stressed that disarmament should not be monopolized by a few big powers, and all states, big or small, enjoy equal rights to participate in discussions and settlement of the disarmament issues.

The third United Nations General Assembly special session on disarmament opened at UN headquarters today. In the working document, the Chinese delegation presented concrete proposals for disarmament principles, nuclear and conventional disarmament, halt of the arms race in outer space, ban on chemical weapons, naval disarmament, trust measures, and verification.

The document said: Since the second special session on disarmament in 1982, people throughout the world have made unremitting efforts in opposing war and maintaining world peace, thereby facilitating development of the international situation in a direction favorable to peace as well as progress made in bilateral and multilateral disarmament. However, the arms race between the two superpowers is still going on and the danger of war still exists. Therefore, to halt the arms race and maintain world peace and security remains a pressing and arduous task.

Regarding nuclear disarmament, the document called on the United States and the Soviet Union to take lead in halting the testing, production, and deployment of all types of nuclear weapons and in drastically reducing and destroying nuclear weapons deployed by them inside and outside their countries. All nuclear states should undertake not to be the first to use nuclear weapons and not to use or threaten to use them against the non-nuclear weapon states and the nuclear free zones at all times and under all circumstances. On such a basis, an international convention should be concluded with the participation of all the nuclear states to ensure the complete prohibition and thorough destruction of nuclear weapons.

The document said: The two superpowers also bear a special responsibility for conventional disarmament and should reach agreement as soon as possible on the drastic reduction of conventional weapons. At the same time,

the conventional weapons of all countries should only serve defensive purposes and must in no way be used for aggression and intervention against other countries.

The document said: A new priority should be given to halting the arms race in outer space. The two superpowers should not test, develop, produce, or deploy space weapons and should destroy all their existing weapons of this kind.

The document called for an early convocation of an international convention to ban and destroy all chemical weapons. The United States, the Soviet Union, and all other states possessing chemical weapons should pledge not to use these weapons.

In conclusion, the document stressed that the role of the United Nations and that of multilateral disarmament machinery should be strengthened to promote and encourage all unilateral, bilateral, and multilateral disarmament efforts.

Qian Qichen Speaks at UN Disarmament Session
OW0206160288 Beijing XINHUA in English
1530 GMT 2 Jun 88

[Text] United Nations, June 2 (XINHUA)—Chinese Foreign Minister Qian Qichen said today that the world situation remains turbulent, but there has been some new positive development in the world situation recently.

Speaking at the third special session of the UN General Assembly on disarmament, which opened Tuesday, Qian pointed out that the arms race is still going on, peace is jeopardized and security is not ensured.

However he continued, over the years there have been increasingly strong calls from people everywhere for a halt to the arms race and for preservation of world peace.

Therefore, he said, "we believe that while the danger of war still exists, the forces for peace outgrow the factors making for war and that peace can be maintained."

He said the conclusion of the treaty on the elimination of the intermediate nuclear forces, signed by the United States and the Soviet Union in December, 1987, "has led to a certain degree of relaxation in the East-West relations."

The Chinese foreign minister also welcomed the Geneva Accords, signed in April, on the Afghan question but noted that "a series of prolonged regional conflicts continue to undermine the security of the countries concerned and threaten world peace."

He urged the Vietnamese authorities to withdraw all their troops from Kampuchea at an early date since the Soviet Union is already resolved to pull out its troops from Afghanistan.

Qian said peace and development are the two major issues of the present-day world and without a proper solution to the development issue, international peace and stability would be adversely affected.

Noting the gap between the north and the south is still widening, he called on all developed countries to pursue "far-sighted policies" and provide "necessary and reasonable" conditions for the developing countries to facilitate the latter's development.

Outlines Disarmament Goals
OW0206160688 Beijing XINHUA in English
1536 GMT 2 Jun 88

[Text] United Nations, June 2 (XINHUA)—Chinese Foreign Minister Qian Qichen, while noting that arms race is still going on, emphasized today that the United States and the Soviet Union are specially responsible for disarmament and should take the lead in drastically reducing their arsenals, especially their nuclear weapons.

Addressing the third special session of the UN General Assembly on disarmament, Qian warned that the application of the latest scientific and technological research findings to the development of arms is becoming a new trend in the U.S.-Soviet arms race.

Since disarmament is a major issue concerning world peace and security, Qian said, "All countries, big or small, strong or weak, should have a say and the right to take part in discussions and to raise demands and forward suggestions."

Qian summed up China's position and propositions on disarmament as follows:

As the nuclear arms race poses a general, gave threat to world peace and security, nuclear disarmament should be given top priority in the reduction of all types of armament;

The ultimate goal of nuclear disarmament is the complete prohibition and thorough destruction of all nuclear weapons;

The two superpowers that bear a special responsibility should take the lead in putting an end to the testing, manufacturing and deploying of all types of nuclear weapons and in drastically reducing and eliminating all types of nuclear weapons each of them has deployed in any region at home and abroad;

A broadly-represented international conference on nuclear disarmament should then be convened with the participation of all nuclear states to discuss steps and measures to be taken for a thorough destruction of nuclear armament;

Pending the realization of the goal of total elimination of nuclear weapons, all nuclear states undertake not to be the first to use nuclear weapons and not to use nuclear weapons against non-nuclear-weapon states or nuclear-free zones;

There is also an urgent need to drastically reduce conventional armaments. The conventional armaments of all states should be used only for defense and not for aggression against other states or threat to their security;

An international convention on the complete prohibition and thorough destruction of chemical weapons should be concluded at an early date;

An international agreement on the complete prohibition of space weapons should be concluded at an early date;

All states have the right to take part in the discussions and solution of disarmament issues on an equal footing. The legitimate interests and just demands of the small and medium-sized countries should be respected.

Qian stated that China is committed to the maintenance of world peace and interested in the attainment of disarmament. China is opposed to the arms race and never takes part in it, he added.

China, he noted, has not only actively put forward proposals, but put them into practice. It had voluntarily decided to reduce its troops by one million and the troop reduction was already completed last year, he added.

He said that the proportion of China's national defense expenditure in the state budget has dropped from 17.5 percent in 1979 to eight percent in 1988, and its current military expenditure totals about 5.5 billion U.S. dollars, about five dollars per person.

"I think that this simple figure is a most telling argument," he said.

Text of Speech

OW0306052788 Beijing XINHUA Domestic Service
in Chinese 1549 GMT 2 Jun 88

[Text] United Nations, 2 Jun (XINHUA)—Addressing the third special session of the UN General Assembly on disarmament today, Chinese Foreign Minister Qian Qichen reiterated that the two superpowers, the United States and the Soviet Union, are specially responsible for disarmament and should take the lead in drastically reducing their arsenals, especially their nuclear weapons. In his speech, Qian Qichen also talked about the international situation, regional conflicts, and China's policy on disarmament.

Qian Qichen said: The arms race is still going on in the world today, and the danger of war still exists. However, the world peoples' call for stopping the arms race and

protecting world peace has become stronger and stronger. The forces of peace are surpassing the factors of war, and so we are capable of maintaining peace.

Qian Qichen continued: Since the first special session of the UN General Assembly on disarmament in 1978, the movement to promote disarmament has become a powerful force in protecting peace. Effective ways for disarmament have been found, and some actual progress has been achieved. Qian Qichen hoped that the United States and the Soviet Union would seriously observe and implement the INF treaty signed by the two countries last December. He also hoped that the two countries would make further progress on the road of reducing strategic nuclear weapons and other types of nuclear weapons.

Qian Qichen added: The progress made in the field of disarmament is just a beginning and the tasks for promoting disarmament are still very arduous. The INF treaty signed by the United States and the Soviet Union only covers 3 to 4 percent of their total arsenals of nuclear weapons. Even if they reduce their strategic nuclear weapons by 50 percent; the remaining nuclear weapons they possess can still destroy the world several times over.

He said: Besides nuclear weapons, the question of totally banning chemical weapons must also be solved as soon as possible, and the reduction in conventional arms is also a problem that must not be overlooked.

Qian Qichen emphatically pointed out that in order to realize disarmament, the arms race must first be stopped. Nevertheless, the arms race is still continuing at the moment. The arms race between the two superpowers is undergoing an important change; that is, reducing the quantity while raising the quality of weapons. The application of the latest scientific and technological research findings to the development [fa zhan 4099 1455] of advanced weapons is becoming a new trend in the arms race between the two countries.

While emphasizing the special responsibility of the two superpowers for disarmament, Qian Qichen pointed out that all countries, big or small, strong or weak, should have a say and the right to take part in discussions and to raise demands and put forward suggestions on the question of disarmament.

Foreign Minister Qian Qichen then briefly introduced China's persistent position and propositions on disarmament as follows:

Nuclear disarmament should be given top priority in the reduction of all types of armaments.

The ultimate goal of nuclear disarmament is the complete prohibition and thorough destruction of all nuclear weapons.

The two superpowers that bear a special responsibility should take the lead in putting an end to the testing, manufacturing, and deploying of all types of nuclear weapons and in drastically reducing and eliminating all types of nuclear weapons each of them have deployed. An international conference on nuclear disarmament should then be convened with the participation of all nuclear states to discuss steps and measures to be taken for a thorough destruction of nuclear armaments.

Pending the realization of the goal of total elimination of nuclear weapons, China hopes that all countries that possess nuclear weapons will assume the responsibility of not being the first to use nuclear weapons and not to use nuclear weapons against states without nuclear weapons or against nuclear-free zones.

There is also an urgent need to drastically reduce conventional armaments. The conventional armaments of all states should be used only for defense and not for aggression against other states or to threaten their security.

An international convention on the complete prohibition and thorough destruction of chemical weapons should be concluded at an early date.

An international agreement on the complete prohibition of space weapons should be concluded at an early date.

All states in the world have the right to take part in the discussions and solution of disarmament issues on an equal footing. The legitimate interests and just demands of the small and medium-sized countries should be respected.

In his speech, Qian Qichen also touched on the issue of regional conflicts. He said: Currently, a series of regional conflicts which have lasted a long time are undermining the security of those countries involved and are threatening peace in the world. He expressed welcome to the Geneva agreement on the Afghan issue signed not long ago and called on the Vietnamese authorities to make their decision as quickly as possible and totally withdraw their troops from Cambodia.

Qian Qichen said: The Chinese Government is convinced that peace and development are the two major subjects of the contemporary world. The problem of development, if it is not properly solved, will seriously influence world peace and stability. He called on the developed countries to provide necessary and reasonable conditions for the developing countries and help them develop so as to reduce the gap between the South and the North.

Qian Qichen stated: "China is opposed to the arms race and never takes part in it." He pointed out: China is committed to the maintenance of world peace and interested in the attainment of disarmament. China has not only actively put forward proposals but has put them into practice. China has carried out its decision to reduce

its troops by 1 million, and the troop reduction has already been completed. The proportion of China's national defense expenditure in the state budget has dropped from 17.5 percent in 1979 to 8 percent in 1988. China's current military expenditure totals about \$5.5 billion, or about \$5 per person.

In conclusion, Foreign Minister Qian said: "We are convinced that peace can be maintained and the goal of disarmament can be realized. The science and technology created by the people should bring benefit to mankind instead of destroying mankind."

Delegation at World Food Program Committee Meeting
OW0206105188 Beijing XINHUA in English
0718 GMT 1 Jun 88

[Text] Rome, May 31 (XINHUA)—The Committee on Food Aid Policies and Programs, the chief organ of the UN World Food Program (WFP) launched its 25th annual meeting here today to review its 25 years of work, ratify new food aid and discuss structural reform.

Thirty delegations from the committee's member nations attended the 10-day meeting, including a Chinese delegation, which attended as a full member for the first time.

The conference began one day after a rally to celebrate the WFP's 25th anniversary. Chinese Premier Li Peng sent a message of congratulation to the WFP managing director, James Ingram. In his letter, Li said: "In the last twenty-five years since its inception, the World Food Program with food aid has made positive contributions to stimulate the social and economic development in the developing countries and promote international cooperation in the field of agriculture."

The Rome-based WFP, the sole UN international institution providing free food aid to developing countries, has completed more than 2,000 programs, in which it provided 10 billion U.S. dollars worth of food aid to more than 100 countries.

Soviet, U.S. Positions on Conventional Forces
OW3005131588 Beijing XINHUA in English
0101 GMT 30 May 88

["Backgrounder: Soviet, U.S. Positions on Conventional Forces Reduction"—XINHUA headline]

[Text] Beijing, May 30 (XINHUA)—Cuts in the conventional forces of the Warsaw Pact and NATO will be one of the disarmament questions to be discussed by Soviet and U.S. leaders at their current Moscow summit.

So far, the only negotiation on the question has been the talks on mutual and balanced force reductions in Central Europe, which began in Vienna in 1973 with the participation of 19 member nations of the Warsaw Pact and NATO.

The negotiation has been in a deadlock almost since it started, with no progress made in the past 15 years.

The West has insisted that Warsaw Pact countries should make bigger reductions in their conventional forces as they have an obvious edge over NATO in military strength in Central Europe. However, the Soviet Union and its Warsaw Pact allies refuse to recognize this. Hence, the issue constitutes the focus of the difference between the two sides. The West estimates NATO's overall military presence in Central Europe at 730,000 troops and the Warsaw Pact's at 935,000, with a gap of about 200,000 between the two.

The Soviet Union, however, has long claimed that the two sides' military forces in Central Europe are almost of the same size.

Therefore, NATO has insisted on the principle of "balanced" reduction in Central Europe, while the Warsaw Pact calls for "reciprocal" cuts.

On verification, NATO has pressed for on the spot verification, which the Warsaw Pact has turned down in favor of only exchanging information on troops that will be reduced and the time the whole reduction process takes and establishing three to four observatory stations for verification.

Both the Soviet Union and the United States have softened their positions on disarmament negotiations in recent years, especially after the two superpowers signed the intermediate-range nuclear forces treaty last December, which is believed to have given an incentive to the talks on conventional forces reduction. Now the Soviet Union admits an imbalance in the conventional forces of the two sides in Central Europe and has expressed its willingness to make efforts for overcoming the imbalance. However, judging from the present situation, neither country is giving priority to this question and it is unlikely that any concrete agreement would come out of the forthcoming Soviet-U.S. summit.

In view of the impasse in the negotiations on the reduction of conventional forces in Central Europe and the positive changes in East-West relations, the Warsaw Pact and NATO have since February last year been engaged in preparatory talks in Vienna on arms reduction in the whole Europe as a substitute for the talks on reduction in Central Europe.

Following is a comparison between the conventional forces of the Warsaw Pact and NATO in Europe (source: the Swedish Defense Research Bureau, 1985):

	NATO	Warsaw Pact
Troops	1,047,000	1,250,000
Tanks	9,770	28,500
Fighters	2,368	3,345

Reagan, Gorbachev Optimistic on START Treaty
OW3105144388 Beijing XINHUA in English
1350 GMT 31 May 88

[Text] Moscow, May 31 (XINHUA)—Soviet leader Mikhail Gorbachev and U.S. President Ronald Reagan today expressed the hope to conclude the strategic arms treaty before next January, while major obstacles to the accord remain in the way. Speaking to reporters at the start of their third round of summit talks here this morning, Gorbachev said "I am sure that if the President makes good use of the time remaining to him, I am sure we will be able to prepare the treaty" to slash by half the superpowers' strategic arms.

Since both sides have maintained that it is impossible to sign such an accord in the short period of the Moscow summit, Gorbachev presumably meant to obtain the pact in the remaining months of Reagan's term, which expires next January.

Reagan agreed when asked whether he also thought such a treaty could be concluded, saying, "Yes, I am very pleased to hear what they (his Soviet hosts) are saying."

"Maybe now it is again time to bang our fists on the table once again," Gorbachev said, recalling the Geneva summit in 1985 when the U.S. and Soviet leaders managed to push forward an important decision by pounding fists on the table.

Asked if he agreed with Gorbachev's optimism, Reagan said, "I'll do anything that works".

But neither Gorbachev nor Reagan revealed if they had overcome differences on the U.S. Strategic Defense Initiative, the verification of air- and sea-launched cruise missiles and land-based ballistic missiles, the key obstacles to reaching the hoped-for accord.

In response to one question by reporters, Reagan said "We've settled on SDI," but when pressed he said, "No, no, it has never been a part of the negotiations".

According to U.S. officials, Reagan and Gorbachev, during their talks yesterday, found no agreement on the SDI program and contrary to the Soviet claims, still differed on how to count the air-launched cruise missiles.

As for land-based mobile missiles, a U.S. official said "We haven't heard a verification scheme we think will work... I would not expect closure" on the problem.

After their talks this morning, expected to focus on regional conflicts, Reagan and Gorbachev took a stroll through the Red Square where they were applauded by bystanders and tourists.

Reagan was scheduled to meet Soviet writers, filmmakers and artists at lunch time and deliver a speech at the Moscow State University.

Gorbachev Says U.S. Blocking 'Healthy' Trade
OW3105145288 Beijing XINHUA in English
1411 GMT 31 May 88

[Text] Moscow, May 31 (XINHUA)—Soviet leader Mikhail Gorbachev today accused the U.S. Reagan administration and Congress of blocking "healthy" economic cooperation between the two countries.

Gorbachev told reporters after morning talks with U.S. President Ronald Reagan in the third round of the Moscow summit here that "I criticized the position of the president and Congress for having thrown up a great deal of logjams in the way of healthy economic cooperation."

"The President agreed that we would seek improvement in this area as well," the Soviet leader said.

Gorbachev said he told Reagan that the two countries are economically interdependent on each other and should cooperate not only in their own interests but also in the interests of other countries.

Lack of Progress at Moscow Summit Noted
OW0306100488 Beijing in Russian to the USSR
1800 GMT 1 Jun 88

["International Affairs Review" program]

[Text] Commenting on the first conversations between the Soviet and U.S. leaders in Moscow, a XINHUA correspondent writes: Representatives of the two countries declared at a press conference that the Gorbachev-Reagan talks had passed in a businesslike spirit and helped increase mutual understanding of one another's positions, while progress was achieved in several specific problems.

However, judging by public statements of the leaders of the two countries and statements by representatives of both sides at briefings, during the first 2 days the talks passed in a fairly austere [strogiy] atmosphere, while on certain important problems, sharp contradictions continue to remain between the two sides.

There are three reasons this impression was formed by observers. First of all, the Soviet Union has repeatedly proposed to the United States that a treaty on reducing strategic offensive arms be concluded as soon as possible. However at the Kremlin meeting, Reagan—referring to the Russian saying: It was born, it was not rushed—

replied that he is not in a hurry. Of course this remark by Reagan grates on Moscow. Later, in his reply to the question: What do you think about the saying President Reagan used in his speech, Gorbachev said: I always favor movement, however I prefer another proverb: Trust but verify. This refined war of proverbs shows that Reagan wants to solve important problems of U.S.-USSR relations step-by-step, without haste, while Gorbachev, as his partner, (?does not intend) to make compromises.

Second, on the first day of the talks Reagan raised the issue of human rights. White House representative Fitzwater considers the human rights issue to be of particular significance, while Soviet representative Gennadiy Gerasimov said: The fact that the U.S. side has raised this issue carries with it elements of propaganda and sensationalism. Besides these sharp words, Reagan received a group of Soviet dissidents at his residence. At the same time, the Soviet side, not yielding to the Americans, held a special press conference for four American Indians who came to Moscow with the aim of demanding human rights from Reagan. These mutual attacks over the human rights issue do not correspond with the atmosphere in which the meeting passed during the first 2 days.

Third, people are concerned with what progress has been achieved on the issue of arms reduction, which was the primary topic of talks on mutual relations during the first 2 days of the meeting. It has been reported that the position of both sides on the issue of control and verification of mobile intercontinental missiles has changed considerably, and that progress has been achieved on the issue of control of air-launched cruise missiles, on mutual notification about the launching of intercontinental missiles, and on establishment of limits on the verification of chemical weapons. However there has been no change in the considerable differences on the main obstacles at the talks on a 50-percent reduction in nuclear arms. For example, on the issue of adhering to the ABM treaty concluded in 1972, on space weapons, and on sea-launched cruise missiles.

Herein lies the stumbling block at the present meeting impeding the signing of a treaty on a 50-percent reduction in nuclear arms, despite the fact that both leaders have repeatedly expressed a desire to sign this treaty during the current term of office of President Reagan.

Reagan, Gorbachev Exchange INF Instruments
OW0106144088 Beijing XINHUA in English
1212 GMT 1 Jun 88

[Text] Moscow, June 1 (XINHUA)—Both U.S. President Ronald Reagan and Soviet leader Mikhail Gorbachev today cited as their immediate priority an early completion of a START treaty to reduce 50 percent of their strategic offensive nuclear arms.

Speaking at a ceremony during which they exchanged the instruments of ratification [words indistinct], Gorbachev said he and Reagan "have agreed that the immediate task before us, which is to conclude a treaty on a 50-percent reduction in strategic offensive arms, can and must be accomplished."

Reagan also emphasized in his speech at the ceremony: "We must try to move forward in the months ahead to complete the START treaty as soon as possible." [passage indistinct]

At the same time, both leaders stressed the difficulties in this direction. Reagan said: "There remain differences, important, fundamental differences between us. Yet, as we work over the long run to narrow these differences, as we work for what I hope will be a new era of peace and expanded human freedom, we must also acknowledge our solemn responsibility to take steps now to reduce the chances of conflict and to prevent war."

"We must not stop here, Mr General Secretary, there is much more to be done," he said.

Gorbachev described his talks these days with Reagan in Moscow as "big politics" which means it affects the interests of millions and millions of people and every step is not easy to take.

Gorbachev Cited on Moscow Summit Results
OW0106151388 Beijing XINHUA in English
1330 GMT 1 Jun 88

[Text] Moscow, June 1 (XINHUA)—The major result of the Moscow U.S.-Soviet summit is the continuation of dialogue, Mikhail Gorbachev said here this afternoon.

The soviet leader told a press conference after four rounds of talks with U.S. President Ronald Reagan that this meeting demonstrated that the two superpowers had engaged themselves in "realistic dialogue." "More and more we see during the dialogue the presence of a desire to make real politics," he added.

[Words indistinct] to be issued on the Moscow summit, which lays down the prerequisites for building a future relationship between the two countries, he said.

The statement summarises the achievement made in the four Soviet-U.S. summits and confirms a sort of agenda for the Soviet-U.S. dialogue for the future, he explained.

He also described the exchange of the instruments of ratification of the INF treaty earlier today as having "turned out the Moscow meeting into a watershed political event in the Soviet-U.S. dialogue and in world politics as a whole."

Joint Statement on Summit Cited
OW0106220188 Beijing XINHUA in English
1748 GMT 1 June 88

[Text] Moscow, June 1 (XINHUA)—The Moscow summit between Soviet leader Mikhail Gorbachev and U.S. President Ronald Reagan was described here today as "an important step in the process of putting Soviet-American relations on a more productive and sustainable basis."

The two leaders made this point in a joint statement issued this afternoon on the results of their fourth summit meeting in the Soviet capital. They met previously in Geneva (1985), Reykjavik (1986) and Washington (1987).

After four rounds of talks in the four days covering arms control, human rights and humanitarian matters, settlement of regional conflicts, and bilateral relations, they admitted that "serious differences remain on important issues" and the dialogues developed between the two countries "remain critical to surmounting these differences," the statement says. They agreed on the importance of their meeting in Geneva, Reykjavik, Washington and Moscow "in laying the foundation for a realistic approach to the problems of strengthening stability and reducing the risk of conflict."

They promised to expand their political dialogue as "increasingly effective means" of resolving issues of mutual interests and concern, saying it is "based on realism and focused on the achievement of concrete results."

On the arms control issue, the focus of public attention, what the statement declares falls short of people's expectation that a treaty on a 50 percent cut of the two countries' strategic nuclear forces will be agreed upon. The statement simply says that the Soviet and U.S. Governments will work towards "equitable, verifiable, agreements that strengthen international stability and security."

They also promised to implement fully the provisions of the intermediate range nuclear forces treaty, which was signed in Washington this year and entered into [words indistinct] following the exchange of instruments of ratification this morning.

On bilateral relations, the statement lists a number of agreements signed during the summit on cooperation in various areas.

RENMIN RIBAO on Strategic Arms Talks
HK0106060788 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 1 Jun 88 p 6

["Newsletter from the Soviet Union" by RENMIN RIBAO Reporter Zhang Qixin (1728 0796 2500) and Zhou Xiangguang (0719 6272 0342) dispatched from Moscow on 30 May: "It Is So Near and Yet Inaccessible—the USSR-U.S. Strategic Arms Treaty Under Discussion"]

[Text] According to the plan of the last Soviet-U.S. summit meeting in Washington last December, the two countries would sign the treaty on reducing their strategic weapons by 50 percent when the two leaders met in Moscow this time. However, the drafting of the treaty made very slow progress and, for various reasons, has not yet been completed.

On 29 May, at the first meeting of the two leaders, Gorbachev and Reagan analyzed the achievements and remaining problems in bilateral relations. According to a spokesman for the Soviet Foreign Ministry, the issue of security is a main part of the talks between the two leaders. Now, four working groups have been set up to study various issues concerned, including the issue of arms control.

At the welcome ceremony in the Kremlin Palace, Gorbachev indicated that an unshirkable duty for the Soviet Union and the United States is to carry out constructive discussions on various major aspects of disarmament, including the series of issues concerning the reduction of strategic weapons by 50 percent. Gorbachev even told reporters that it is completely possible for the Soviet and U.S. leaders to hold their fifth summit meeting in order to complete the formulation of the strategic arms treaty.

Reagan quoted a Russian proverb: "It was born, it wasn't rushed." However, he also said that the present draft of the treaty not only records the common points but also reflects the questions that have yet to be solved. In some background materials given to the press, the White House also acknowledged that although the task is arduous, it is still possible to conclude the treaty on reducing strategic weapons this year.

This shows that although the current summit meeting participants cannot sign the treaty according to the previous schedule, both sides are still striving for the target of concluding the treaty through continuing talks.

Reducing strategic weapons is a major topic in the Soviet-U.S. arms control talks over the past 3 years and more, and this has become the focus of the two countries' talks since the INF treaty was signed last December. From the materials provided for the press by the two countries, these reporters feel that the Soviet Union and the United States are seeking a way to reduce their nuclear weapons, not only because they are being prompted by the international community's strong demand on nuclear disarmament, but also because they both need to do so.

Through the expansion in nuclear armaments over the past 10 years and more, the strategic nuclear arsenals of both the Soviet Union and the United States have reached a saturation point. According to the data published by the Soviet Union, up to January 1988, the Soviet Union and the United States respectively possessed 2,494 and 2,260 strategic-weapon carriers and respectively possessed 10,000 and 14,000 warheads.

Both sides are aware that they need not maintain a posture of nuclear confrontation at such a high level and should cut down on their nuclear arsenals according to a certain rate so as to maintain a balance of nuclear strength at a lower level. This will lighten the military expenditure burdens on both sides, and is obviously in line with their own interests.

In fact, through negotiations over the past year or so, the two countries have basically drawn up the outline of strategic arms reductions for the next few years, and the main points are as follows:

First, both sides agree to reduce the number of their respective carriers for delivering strategic weapons to 1,600, and reduce the number of their respective warheads to 6,000.

Second, both sides agree to limit the number of continental missiles and submarine-launched missiles to 4,900, and limit the number of heavy missile warheads to 1,540.

Third, both sides agree to formulate three strategic weapons verification documents on the basis of the verification principles in the INF treaty.

However, the two sides have not yet reached agreement on such an initial arms reduction treaty. Some analysts who have been following the arms talks said that strategic nuclear weapons constitute the main pillar for the military strength of both countries, so neither of them is willing to make any ready concession on this issue.

Another reason is that the two big nuclear powers have different strategic nuclear weapons structures, so it is hard for them to work out an arms reduction plan which can maintain the balance of strength between the two sides.

Moreover, although both sides have indicated that they will not try to seek any unilateral superiority, it is still undeniable that in the talks, they always tried to impose more limitations on the other side and leave more room for maneuvering for themselves. Now, most of the differences over the arms reduction treaty are more and less related to this factor.

According to the information provided by the Soviet and American officials to the press, the differences center around five points. For example, the United States holds that the land-based continental missiles are most dangerous and most unstable weapons, so it demands that the number of warheads carried by such missiles should be strictly limited. The United States also holds that it is not easy to verify the mobile land-based missiles of the Soviet Union, so such missiles should also be banned. However, land-based missiles constitute the main part of the strategic nuclear weapons of the Soviet Union. So the Soviet Union holds that it is not fair to merely consider one side's interests and neglect the other side's interests.

On the contrary, the U.S. nuclear force based on sea or air is superior to the Soviet Union. The Soviet Union holds that the number of warheads carried by sea-based missiles and the number of cruise missiles carried by bombers should be limited.

In addition, the United States possesses a large number of sea-based long-range cruise missiles which can carry both nuclear warheads and conventional warheads. The warheads carried by these missiles are not included in the total limit of 6,000 warheads. The Soviet Union is happy about this, and demands that such cruise missiles should also be subject to limitation and supervision, but the United States does not agree with this.

As for verification, because there is a large variety and a large number of strategic weapons which are spread widely, many of them carrying multiple warheads, the difficulty and complicatedness of verifying such weapons is much greater than verifying the medium-range missiles. This is also a major obstacle to the formulation of the treaty on strategic nuclear weapons.

Since the strategic arms treaty has not been drafted, what noticeable achievements will the two leaders make at their Moscow meeting? It seems that they will not be satisfied with merely talking about human rights, bilateral relations, and regional conflicts. The issue of the withdrawal of Soviet troops from Afghanistan, as a sign of the improvement of U.S.-Soviet relations, has already been solved in the Geneva talks. So, even if the two sides cannot sign the treaty on reducing the strategic weapons, will they make progress in settling some substantial issues so as to pave the way for the conclusion of the treaty? This is a question that attracts the attention of the large number of reporters from various countries in Moscow.

Not long ago, Soviet Foreign Minister Shevardnadze said that the top-level meeting is not the ultimate goal of action, but is a major stage on the way leading to the conclusion of a new treaty. This seems that the two countries are trying to seek a way leading to the conclusion of the treaty through the current summit meeting. So now people can wait and see the results.

START Accord Unlikely During Reagan Term
OW0206080888 Beijing XINHUA in English
0629 GMT 2 Jun 88

["News Analysis: Summit Dims Prospects for START Accord (by Shen Yiming)"]—XINHUA headline]

[Text] Moscow, June 2 (XINHUA)—Summit watchers have been struck by statements by superpower leaders which may reveal slimmer chances for achieving a Strategic Nuclear Arms (START) accord before U.S. President Ronald Reagan leaves office next January.

As expected, no major breakthroughs in arms control came out of the four rounds of talks in Moscow between Soviet leader Mikhail Gorbachev and President Reagan. The two sides were sparring over two main issues that are blocking a START accord—Star Wars and verification.

Contrary to earlier somewhat rosy statements about achieving a strategic arms pact, it appears that both sides are now pessimistic on the prospects of reaching an accord soon, an indication that such a treaty could hardly be signed in the less than eight months left of Reagan's term.

At a news conference following the two leaders' fourth and final round of talks, Gorbachev said the Star Wars program, formally known as the Strategic Defense Initiative, constitutes a highly unstabilizing element.

At a separate press conference, Reagan said he is not sure whether a START treaty halving Soviet and U.S. strategic nuclear arsenals could be reached within his term of office.

Reagan said the United States views verification of strategic weapons as one of the most important and difficult issues.

The President said the START treaty is infinitely more complex than the INF treaty but that there will be continued negotiation on it. He said he hopes that his successor will continue the talks if no agreement is reached while he is in the White House.

Gorbachev also deemed it imperative to maintain contacts with Reagan's successor in negotiations over their disagreements.

Both sides reported progress on verification but remain tight-lipped about details, and this, according to observers, conveys impression that the issue is likely to be inherited by the next U.S. President.

The upshot of the four rounds of talks shows that arms control remains a pivotal issue, even though it was not on the summit agenda and seemed somewhat overshadowed by human rights issues.

One positive aspect appeared to be that despite the absence of major arms control breakthroughs, both sides appeared willing to adopt restrained and businesslike approaches toward their differences over some major problems and avoided head-on confrontations.

They did engage in exchanges of bitter rhetoric, yet they exhibited restraint to insure that their dialogue didn't lose momentum.

The two leaders apparently evinced less interest in regional conflicts, one of the topics on the summit agenda, and this was attributed by observers to the fact that the Geneva accords providing for a Soviet pullout from Afghanistan made this a less contentious issue.

Gorbachev said only that he and Reagan discussed "in depth" the Afghanistan issue, and he stressed without elaboration the practicality of resolving it through political means and on the basis of "balance interests."

Reagan also gave a generalized account by saying he and Gorbachev agreed that the problem should be solved through peaceful means, and that solutions following the Afghan pattern can be applied to other regions. It is not clear whether there is a secret understanding on the problem.

Human rights issues tended to gain prominence when Reagan appeared to try to highlight them to embarrass the Soviets. However, Moscow's spokesmen, though annoyed by Reagan's maneuvers, seemed well poised and on occasions took the offensive.

Gorbachev said the U.S. administration "does not have a real understanding" of human rights problems and the process of democratization taking place in the Soviet Union today.

In a joint statement issued later, the two leaders mentioned the possible establishment of a forum which will meet regularly to review human rights problems in both countries.

The two countries reached only several minor agreements in bilateral relations, another topic at the summit.

Obviously, due to the complexities of a START treaty, the two superpowers had not realistically expected to strike a deal at the Moscow summit. However, they certainly appear ready to continue their dialogue while continuing to differ over major issues.

And their battle for their strategic interests will also go on unchecked.

XINHUA Analyzes U.S.-Soviet Summit
OW0206163888 Beijing XINHUA in English
1605 GMT 2 Jun 88

["News Analysis: A Summit With Progress, But Not Much by Yuan Rongsheng"—XINHUA headline]

[Text] Moscow, June 2 (XINHUA)—Ronald Reagan has come and left. He held four rounds of talks with Mikhail Gorbachev, had a sensational meeting with Soviet dissidents and refuseniks, talked to the supposedly liberal-minded cultural community, preached American democracy to young students, and imitated his Moscow host's public relations act from last year's Washington summit: a casual walk outside the Kremlin, chatting with people in the street.

So now, after all of these ostensibly animated engagements—to the likes and dislikes of his Moscow host—a key question remains. What have the American president and Soviet leader accomplished in Moscow that might have an immediate or long-term impact on the U.S.-Soviet relationship?

No one, neither Reagan nor Gorbachev, has ever described the Moscow meeting as "successful". A brief look at what has happened here testifies to the conclusion that certain progress has been made on arms control and bilateral relations, that major differences remain unresolved, and that both sides hope to keep the momentum of the dialogue they initiated in Geneva less than three years ago at the highest level.

The most spectacular achievement in arms control is perhaps the exchange of documents ratifying the Intermediate Nuclear Forces (INF) treaty which will make the destruction of all their medium- and shorter-range missiles a reality.

The signing of two accords on notification of launches of powerful intercontinental and submarine-launched ballistic missiles and on joint verification of nuclear test experiments are also something new. The former is designed to reduce the risks of nuclear accidents, and the latter is necessary to ratify the 1974 Threshold Nuclear Test Ban Treaty and the 1976 Peaceful Nuclear Explosions Treaty.

As for the crucial 50-percent cut in strategic offensive nuclear arms, progress is reported only in the most general terms. The two leaders basically reaffirmed what they had agreed upon in Washington last December and indicated their readiness to carry on the Geneva negotiations so that a strategic arms reduction treaty (START) can be signed "without delay" as soon as the remaining differences are resolved.

But how soon can the two sides iron out the numerous disagreements in the joint draft of the START treaty and the draft texts of three related documents on inspection, arms elimination and data exchange? The two leaders did not offer a clear-cut guideline.

In fact, nobody had expected the Moscow summit to produce something dramatic on the 50-percent reduction in strategic nuclear arsenals. True, the START treaty is much more complex than the INF treaty. But political will sometimes plays a decisive role in matters of this nature. Such will was not visible throughout the Moscow meeting.

With less than eight months to go before he leaves office and in the face of growing concerns in American military circles over the 50-percent cut, Reagan is simply in no mood to rush a START treaty. "It was born, it wasn't rushed." This Russian proverb Reagan quoted in his arrival speech in Moscow may serve as a clue to his

approach on the strategic arms issue in the Moscow talks. So, he did all he could to turn his Moscow trip into an evangelist's crusade on human rights.

Gorbachev, aware of Reagan's attitude and perhaps with an eye to the next U.S. president, may also have decided not to press his guest too hard on the arms reduction issue.

So, while Reagan was making a big fuss over human rights, Gorbachev demonstrated an amazing tolerance. He listened, allowed his U.S. guest to preach at various occasions, and then told him straightforwardly that they disagreed with each other on the matter.

"Our dialogue has not been easy, but we have mustered enough realism and political will to overcome differences and to divert the train of the Soviet-U.S. relations from a dangerous tack to a safer one," the Soviet leader said. "It has, however, so far been moving much more slowly than is required by the real situation, both in our two countries and in the whole world."

These remarks of Gorbachev at this morning's farewell ceremony may well serve as a proper summary of the spirit of the Moscow summit: Both sides want to continue their dialogue, but the desired results still seem beyond their reach.

Comparison on Deng Welcomes More Investment

Beijing RENMIN RIBAO in Chinese on 25 May carries on page 1 a 700-character report by Yu Jiafu entitled "Deng Xiaoping Meets Delegation From the International Advisory Committee of the Chase Manhattan Bank." This has been compared with the version carried by XINHUA at 0825 GMT 24 May entitled "Deng Xiaoping Welcomes More Foreign Investment" and published in the 26 May China DAILY REPORT on page 2, revealing the following variations:

Column one, paragraph one, sentence one reads: ...Comrade Deng Xiaoping said that he hoped the Chase Manhattan Bank International Advisory Committee would encourage foreign entrepreneurs and bankers to help China with its development. He said that an important way was to make investments in China and to transfer technology to China. Moreover, as experts, they could make suggestions, which are also a great help. [new paragraph] Speaking at a meeting with a delegation from the International Advisory Committee of the Chase Manhattan Bank of the United States at the Great Hall of the People today, Deng said that ...[noting variant wording, and paragraphing, picking up paragraph three, only sentence].

Column two, sentence two reads: ...made, we should examine and correct them promptly ...[noting additional words].

United States & Canada

Leaders Meet Sino-U.S. Amity Group Representative

Yang Shangkun Meets Guest

OW0206115388 Beijing XINHUA in English
0717 GMT 1 Jun 88

[Text] Beijing, June 1 (XINHUA)—President Yang Shangkun met with Mrs. Caroline Ahmanson, an American who has long involved in Sino-U.S. friendship activities, and her relatives in the Great Hall of the People here this morning. [sentence as received]

Yang spoke highly of Mrs. Ahmanson's contributions to the development of Sino-U.S. friendly relations and the friendship between the two peoples.

Mrs. Ahmanson visited China several times since she began to work for U.S.-China friendship in the early 1970s. She is one of the founders of the Council for Los Angeles-Guangzhou Friendly Cities.

Zhang Wenjin, president of the Chinese People's Association for Friendship with Foreign Countries, was present on the occasion.

Mrs. Ahmanson is a guest of the association.

NPC's Lei Jieqiong Meets Guest

OW0206061188 Beijing XINHUA in English
1006 GMT 1 Jun 88

[Text] Beijing, June 1 (XINHUA)—Vice Chairwoman Lei Jieqiong of the National People's Congress Standing Committee met with Caroline Ahmanson, an American who has long been involved in Sino-U.S. friendship activities.

They agreed that greater efforts should be made to increase exchanges between the Chinese and American two people.

Shanghai Mayor Meets U.S. Company Executive

OW0206203688 Shanghai City Service in Mandarin
2200 GMT 25 May 88

[Excerpt] Shanghai Mayor Zhu Rongji met with George David, president of the U.S. Otis Worldwide Company, on 25 May.

The mayor said Shanghai will further improve its investment environment this year. Speaking in English, the mayor asked the American visitor to relay a message to entrepreneurs in the United States that Shanghai welcomes their investment and will do its utmost to help their business in Shanghai become a success.

Delighted, George David said he is proud of the Otis Company, which has been called a model joint venture in China. During his current visit to Shanghai, he will unveil a plan to further invest in and expand the company. [passage omitted on Otis business operations]

Shanghai, Nanjing To Stage O'Neil Plays
OW0306043588 Beijing XINHUA in English
1430 GMT 1 Jun 88

[Text] Shanghai, June 1 (XINHUA)—A festival of the major dramatic works of U.S. playwright Eugene O'Neil will be held June 6-14 in Shanghai and Nanjing.

They include "Mark Millions", "Hughie", "Mourning Becomes Electra", "Beyond the Horizon", "Ah, Wilderness", "The Great God Brown," and "Ile."

Some are being presented for the first time in China, although most all of his works have been translated into Chinese.

More than 50 scholars and artists will take part in the festival, during which an American troupe from Los Angeles will also give performances.

International symposiums will be held in the two cities to celebrate the 100th birth anniversary of O'Neil, the only American playwright to win a Nobel prize.

Soviet Union

Delegation Leaves for Economic Talks in Beijing
OW0306015988 Beijing XINHUA in English
2356 GMT 2 Jun 88

[Text] Moscow, June 2 (XINHUA)—A Soviet delegation left here for Beijing today to attend the third session of the Soviet-Chinese Commission for Economics, Trade, Scientific and Technological Cooperation.

The delegation is headed by Yuriy Maslyukov, first deputy chairman of the Soviet Council of Ministers and chairman of the State Planning Committee.

The previous two sessions of the commission were held in Beijing in 1985 and in Moscow in 1987.

Greeted by Tian Jiyun
OW0306045388 Beijing XINHUA in English
0145 GMT 3 Jun 88

[Text] Beijing, June 3 (XINHUA)—Yuriy Maslyukov, first vice-chairman of the Council of Ministers of the Soviet Union, arrived here by air this morning to attend the third meeting of Sino-Soviet Commission on Economic, Trade, Scientific and Technological Cooperation.

Chinese Vice-Premier Tian Jiyun greeted Maslyukov at the airport, extending a warm welcome to him on behalf of the Chinese Government.

The two sides decided to start the third meeting of the commission this afternoon.

Also present at the airport were Gan Ziyu, vice-minister of the State Planning Commission, Wang Pinqing, vice-minister of foreign economic relations and trade, and Soviet Ambassador to China O.A. Troyanovsky.

During his week-long stay in China, Yuriy Maslyukov will also tour Shanghai and Guangzhou.

Environmentalist to Tour USSR, U.S., Europe
OW0106144588 Beijing XINHUA in English
0740 GMT 31 May 88

[Text] Beijing, May 31 (XINHUA)—Editor-in-Chief of the quarterly "NATURE," Tang Xiyang, will start a trip to the Soviet Union and five other countries next month.

Tang, 58, has been a familiar figure among the world's environmental protection circles since his book "Living Treasures" was published by the U.S.-based Bantam Books, Inc. last October. The book chronicles what he saw and heard during an 8-year study of more than 40 of China's nature reserves.

Tang said he has received invitations from environmental protection departments and organizations in the Soviet Union, the Federal Republic of Germany, Switzerland, France, Britain, and the United States.

During his 7-month trip, Tang will visit nature reserves and state parks and get involved in academic exchange with foreign colleagues. Tang also has plans to write another book and hold exhibitions focusing on his experiences.

Tang said his trip will be paid for with his own funds, donations from foreign inviters, and royalties from his books.

Northeast Asia

Wu Xueqian Meets Japanese Climbing Team Advisers
OW0206153488 Beijing XINHUA in English
0828 GMT 2 Jun 88

[Text] Beijing, June 2 (XINHUA)—Wu Xueqian, vice premier of the State Council, here today met with Japanese guests Sakurachi Yoshio and Kobayashi Yosozi who have come to China to attend the celebration activities for the successful cross-traverse over 8,848-meter Mount Qomolangma [Everest] by the China-Nepal-Japan joint expedition on May 5.

Sakurachi, chief adviser of the Japanese climbing team of the tri-nation joint expedition, and Kobayashi, chief adviser of the support team of the expedition, arrived here last night.

In their friendly conversation, the Chinese vice premier said that I expressed warm congratulations to the tri-nation expedition for its victorious cross-traverse over Mount Qomolangma.

Present on the occasion were He Zhenliang, vice minister of the State Physical Culture and Sports Commission and Shi Zhanchun, general captain of the expedition and president of the Chinese Mountaineering Association.

Japanese Ambassador to China Toshihiro Nakajima was also present.

Minister Zou Jiahua Meets Canon President
OW0206193988 Beijing XINHUA in English
0954 GMT 2 Jun 88

[Text] Beijing, June 2 (XINHUA)—China is willing to further develop the economic and technological cooperation with the Canon Company of Japan, Chinese State Councillor Zou Jiahua told the company's president Gaku Ryusaburo here today.

At a meeting with a delegation from the company, Zou, who is also minister of machine-building and electronics industry, said China has cooperated well with Canon for several years and wants to see this cooperation to continue.

Jilin's He Zhudang Meets Visiting Japanese Group
SK0306034588 Changchun Jilin Provincial Service in Mandarin 2100 GMT 2 Jun 88

[Text] The second people's friendly China-visiting group from Japan's Miyagi Prefecture, with (Sasaki Nobuo), vice president of the national headquarters of the Japan-China Friendship Association and president of the Miyagi Prefecture Japan-China Friendship Association as its general leader, arrived in our province on 2 June for a visit. In that evening, Provincial Governor He Zhukang and Provincial Vice Governor Liu Xilin met with some members of the group at Nanhu Guesthouse. The hosts and guests talked in a cordial and friendly atmosphere. Responsible comrades of relevant provincial and Changchun City departments were also present at the meeting.

The visiting group has come to congratulate our province on the first anniversary of establishing friendly ties with the Miyagi Prefecture, and for the tenth anniversary of signing the China-Japan treaty of peace and friendship, to further enhance mutual friendship and understanding, and to promote the continuous development of friendly province-prefecture ties.

Asia-Pacific Regional Security Meeting in Tokyo
OW0206101188 Beijing XINHUA in English
0728 GMT 1 Jun 88

[Text] Tokyo, June 1 (XINHUA)—Cabinet ministers from 13 countries and regions will gather here June 15 to discuss security concerns such as terrorism and drug trafficking, the local press reported today.

The ministerial conference on security for the Asian-Pacific region—the first international meeting of its kind—will seek ways to promote cooperation among various security establishments.

The agenda will focus on how to counter international terrorism prior to this fall's Olympic Games in Seoul and the summit meeting of the seven major industrialized nations scheduled for June 19-21 in Toronto.

Since Asia is a hotbed of narcotics production and trafficking, immediate and effective control measures are deemed necessary.

Southeast Asia & Pacific

Peng Chong Meets Singapore's Chief Justice
OW0206060888 Beijing XINHUA in English
1235 GMT 1 Jun 88

[Text] Beijing, June 1 (XINHUA)—The chief justice of the Supreme Court of Singapore met here today with Peng Chong, vice chairman of the Chinese National People's Congress Standing Committee.

Peng briefed Wee Chong Jin and his party on the on-going development of China's legal system and said he hoped for closer ties between the two countries' law departments.

Present at the meeting was Ren Jianxin, president of China's Supreme People's Court.

New Zealand Welcomes USSR Moves on Pacific Accord
OW0306011788 Beijing XINHUA in English
1446 GMT 1 Jun 88

[Text] Wellington, June 1 (XINHUA)—New Zealand Foreign Affairs Minister Russell Marshall today welcomed the news that the Soviet Union had ratified without qualification Protocols 2 and 3 to the South Pacific Nuclear Free Zone Treaty (SPNPFZ).

Marshall was advised of the Soviet move today by the South Pacific Bureau of Economic Cooperation (SPBEC), which is the depository of the treaty, otherwise known as the Treaty of Rarotonga, and its protocols.

In a media release, the minister noted that with its unqualified ratification of the protocols, Moscow has thereby undertaken a binding commitment not to use or threaten to use nuclear weapons and other nuclear explosive devices against territories covered by the treaty and protocols.

The USSR is also under an obligation not to test any nuclear explosive device anywhere within the South Pacific Nuclear Free Zone established by the treaty, he added.

Under protocols 2 and 3, other nuclear weapon states, namely the United States, China, Britain, and France, are also asked to unreservedly make such commitments. China signed the protocols in early 1987.

While the U.S., Britain, and France have not signed the protocols, "The United Kingdom and the United States have already given assurances that they are not currently acting inconsistently with the terms of the treaty and protocols," Marshall said.

He said New Zealand would be delighted if there was a commitment from France that it would admit the terms of the protocols.

The South Pacific Nuclear-free Zone Treaty was signed in Rarotonga, the Cook Islands on August 6, 1985 by Australia, New Zealand, Western Samoa, Fiji, Tuvalu, the Cook Islands, Niue, and Kiribati as members of the 13-nation regional organization, the South Pacific Forum. It stipulates the establishment of a nuclear-free zone ranging from Australia in the west to South America in the east, with the Equator as its northern border and Antarctica as its southern border.

Near East & South Asia

Pakistan President Receives PRC Ambassador
OW0206185888 Beijing XINHUA in English
1419 GMT 1 Jun 88

[Text] Islamabad, June 1 (XINHUA)—Pakistan President Mohammad Ziaul Haq today met with Chinese Ambassador to Pakistan Tian Ding and apologized again for postponing a planned visit to China this week because of Pakistan's domestic affairs.

He told the Chinese envoy the reasons he decided to dismiss the National Assembly and Federal Cabinet on May 29, a day before his scheduled departure to China.

The government of dismissed Prime minister Mohammad Khan Junejo proved to "be ineffective in fulfilling its commitments, Ziaul Haq said. He is now busy working out a new government and strategy for Pakistan's future.

The president said that he cherishes Pakistan-China friendship and would visit China later.

Earlier, he extended the same apology to the Chinese Embassy here. Tian Ding has just returned from China.

Nepal Mountaineering Group Leaves for Beijing
OW0206123188 Beijing XINHUA in English
1222 GMT 1 Jun 88

[Text] Katmandu, June 1 (XINHUA)—An 11-member mountaineering delegation left here for China this afternoon to take part in a grand welcoming ceremony to be held in Beijing on June 3 in celebration of the historic cross-traversing of Mount Chomolungma [Everest] by the China-Nepal-Japan joint expedition team on May 5.

The delegation is headed by Nepalese Tourism Minister Mohammad Mohsin. Members of the delegation include President of the Nepal Mountaineering Association Kumar Khadga Bikram Shamsa and members of the Nepalese mountaineering team.

On May 27 and 28, the Nepal Mountaineering Association held a series of celebration activities here for the historic success. King Birendra awarded decorations to Nepalese, Chinese, and Japanese mountaineers.

Similar celebrations will be held in Tokyo, capital of Japan, on June 17.

Zhu Liang Meets With Israeli CP Journalists
OW0206191188 Beijing XINHUA in English 1406
GMT 1 Jun 88

[Text] Beijing, June 1 (XINHUA)—Zhu Liang, head of the International Liaison Department of the Chinese Communist Party Central Committee, met and hosted a dinner for a journalists' delegation from the Communist Party of Israel (CPI) here tonight.

Led by Tamar Gozanski, member of the CPI Central Committee, the delegation arrived here May 20 and is scheduled to leave here for home tomorrow.

Sino-Arab Chemical Fertilizer Plant Established
HK0206114388 Beijing CEI Database in English 1 Jun 88

[China Economic Information (CEI) Database]

[Text] Beijing (CEI)—A foundation stone laying ceremony for the diammonium phosphate factory of the China-Arab Chemical Fertilizer Company, set up jointly by China, Tunisia and Kuwait, took place in Qinhuandao, Hebei Province, recently.

The project was jointly contracted by the French Spie Batignolles group and China National Chemical Construction Company. The loan is provided by France, and the factory is scheduled to be completed and put into operation in 30 months.

Vice Minister on Libya Medical Cooperation
OW0206203188 Beijing XINHUA in English
0018 GMT 2 Jun 88

[Text] Tripoli, Libya, June 1 (XINHUA)—A summary of minutes on further cooperation in medical field and possible expansion in the size of the Chinese medical team sent to Libya was signed here today between Chinese and Libyan officials.

Gu Yingqi, vice minister of the Chinese Public Health Ministry, told XINHUA here today that he believed in broader prospect for cooperation between China and Libya in the field of medical service.

The Chinese vice minister and his counterpart Habib Ismaiel signed on the minutes on behalf of both sides. During his one-week visit here, he had talks with Libyan officials on expansion of cooperation between the two countries in medical field.

China has sent a medical team to Libya since 1984 under an agreement.

West Europe

Trade Union Delegation Ends Netherlands Visit

OW0206123788 Beijing XINHUA in English
1459 GMT 1 Jun 88

[Text] The Hague, June 1 (XINHUA)—The Chinese trade union delegation led by Ni Zhifu, president of the All-China Trade Union Federation, left here for Federal Germany this morning after a 5-day visit to the country.

Ni exchanged views yesterday with Johan Stekelenburg, newly-elected chairman of the Dutch Federation of Trade Unions (FNV), on the role of trade unions and enhanced cooperation between trade union organisations of the two countries.

Ni briefed his hosts about China's current economic situation and its policy of intensifying reforms and further opening to the outside world, as well as the reforms now taking place within China's trade union organisations.

Johan Stekelenburg introduced to the Chinese guests the domestic situation in the Netherlands and FNV's activities to increase employment in the country and strengthen and expand the trade union organisation.

Both sides expressed the wish to further increase their friendly cooperation in the interest of promoting world peace and common development.

The Chinese trade union delegation also held talks with the Dutch Economic and Social Council, an independent advisory organisation to the Dutch Government on social and economic policies, and visited Rotterdam port, Aalsmeer flower auction center, and Philips Electronic Company.

The Chinese delegation arrived here on May 27 for a friendly visit at the invitation of FNV.

Uygur Delegation Concludes Visit to Turkey

OW0306022988 Beijing XINHUA in English
0001 GMT 3 Jun 88

[Text] Istanbul, June 2 (XINHUA)—The good-will delegation from Xinjiang Uygur Autonomous Region of China left here for home today after winding up a week-long visit to Turkey.

Tumur Davamet, head of the delegation and chairman of Uygur Autonomous Region, told XINHUA that the visit was successful and his delegation has learnt much from Turkey especially in economic management.

Through talks with Turkish officials, managers and enterprisers, Davamet said, the delegation found that there is a great potential to promote cooperation between Xinjiang and Turkey in many fields, especially in processing leather, meats, milk and raisin.

The Chinese delegation was received separately by Premier Turgut Ozal, speaker of the Grand National Assembly Yildirim Akbulut, Vice Premier Kaya Erdem and some provincial officials.

Joint Marine Communications Workshop Opens

OW0306044088 Beijing XINHUA in English
1426 GMT 1 Jun 88

[Text] Shanghai, June 1 (XINHUA)—A workshop on Marconi marine communication equipment opened here Tuesday.

Attending the 5-day workshop are Chinese experts and experts from the British Marconi International Marine, and a Hong Kong company, Patrick H.O. Hoan Ltd.

Demonstrations of products are being given and discussions held of equipment maintenance.

Part of China's communication equipment for marine search and rescue is Marconi-made.

China is a member country of the International Marine Organization and by 1990 will join a global system on marine disasters and security.

The communication network China is building now is part of the global system. It has been designated a state priority project under the current 5-Year Plan (1986-1990).

Italian Firm To Develop Mongolian Grasslands

SK0306064488 Hohhot NEIMENGGU RIBAO
in Chinese 21 May 88 p 1

[Text] The Chinese and Italian Governments have decided to jointly develop grasslands and pastureland. This project was recently implemented in our region's Tumd Left Banner. At present, (Feldo Boss), manager of the Asian regional branch of the (Giaran Company) in Italy, is conducting on the spot investigations in Tumd Left Banner. He has also held talks with persons concerned on the relevant matters.

The (Giaran Company) in Italy is a fairly large enterprise with a strong technical force, dealing with livestock breeding, animal-feed processing, livestock slaughtering, and meat processing. This Sino-Italian cooperative project to develop grasslands and pastureland is being carried out in the spirit of fully utilizing our region's grassland resources to develop modernized animal husbandry and has been determined by our country's relevant departments and the Italian Government through consultations and discussions. Under the plan, our region will use the Italian Government's \$2 million donation fund and our region's 3.5 million yuan designated for local investment to develop 10,000 mu of

grasslands in the Tahao area in Tumd Left Banner, to run a cattle farm with 300 dairy cows, and to build two supplementary projects, including a fodder grass powder processing plant and a dairy products plant. (Feldo Boss) was very pleased with the natural conditions in the Tahao area and the local government's warm hospitality. Both sides were full of confidence that this cooperative project would be successful.

East Europe

NPC'S Wang Hanbin Meets Bulgarian Minister
OW0206061388 Beijing XINHUA in English
0931 GMT 1 Jun 88

[Text] Beijing, June 1 (XINHUA)—Wang Hanbin, vice chairman of the Standing Committee of the Chinese National People's Congress, met here today with a Bulgarian delegation led by Svetla Daskalova, minister of justice.

Wang briefed the delegation on China's legislative work.

The delegation arrived in Beijing May 30 at the invitation of the Chinese Ministry of Justice and will tour Shanghai, Hangzhou and Guangzhou. Yesterday Chinese Minister of Justice Cai Cheng held talks with Daskalova.

Zhang Siqing Fetes Bulgarian Judicial Delegation
OW0206193788 Beijing XINHUA in English
1004 GMT 2 Jun 88

[Text] Beijing, June 2 (XINHUA)—Zhang Siqing, deputy procurator general of China's Supreme People's Procuratorate, met with and feted the visiting Bulgarian judicial delegation headed by Minister of Justice Svetla Daskalova here this evening.

They exchanged views on how to strengthen the judicial and procuratorial work in their respective countries.

Wu Xueqian Meets CSSR Sciences Academy Group
OW0306003388 Beijing XINHUA in English
1346 GMT 2 Jun 88

[Text] Beijing, June 2 (XINHUA)—Chinese Vice Premier Wu Xueqian met a delegation from the Czechoslovak Academy of Sciences led by its President Josef Rimán here today.

Earlier today, Zhou Guangzhao, president of the Chinese Academy of Sciences, and Rimán signed an agreement on scientific cooperation between the two academies and an execution plan for such cooperation from 1988 to 1990.

Rimán and his party had toured Beijing, Wuhan and Shanghai, where they visited research institutes and met Chinese scientists.

Zhu Xuefan Meets CSSR Red Cross Delegation
OW0306053688 Beijing XINHUA in English
0141 GMT 3 Jun 88

[Text] Beijing, June 3 (XINHUA)—Zhu Xuefan, vice chairman of the Standing Committee of the Chinese National People's Congress and honorary president of the China Red Cross Society, met here today a Czechoslovak Red Cross delegation led by its Chairman Imrich Határ.

The delegation arrived in Beijing May 24 at the invitation of the China Red Cross Society and has toured Beijing, Luoyang, Xian and Guangzhou.

Procuratorate Delegation Leaves for Poland, GDR
OW0206232388 Beijing XINHUA in English
1344 GMT 31 May 88

[Text] Beijing, May 31 (XINHUA)—A delegation of China's Supreme People's Procuratorate left here tonight for a goodwill visit to Poland and the German Democratic Republic.

The delegation is led by Wang Xiaoguang, deputy procurator general of China's Supreme People's Procuratorate, with Yang Yichen, honorary president of the China Procuratorate Institute, as its senior advisor.

The delegation is invited by Jozef Zyta, public prosecutor general of Poland, and Kindt Wendland, prosecutor general of the GDR.

East German Children's Artwork on Display
OW0206135188 Beijing XINHUA in English
0722 GMT 1 Jun 88

[Text] Beijing June 1 (XINHUA)—An art exhibition featuring paintings and drawings by children from Democratic Germany opens here today to mark International Children's Day.

The 50 pieces of artwork on display, some painted with oil or watercolor, and others utilizing crayon, showed the children's desire for peace and hatred of war. Some also displayed scenery and people's lifestyles in Democratic Germany.

The oldest of the amateur artists are 16 years of age, while the youngest one is only eight. These paintings were chosen as the best from among all the country's children.

Present at today's opening ceremony were Qian Zhengying, vice-chairwoman of the National Committee of the Chinese People's Political Consultative Conference, and Democratic German Ambassador Rolf Berthold. The exhibition will close June 12.

The exhibition was sponsored by the Chinese People's Friendship Association with Foreign Countries, the China-Democratic German Friendship Association, the Democratic German-China Friendship Committee and China's Children's Center.

The exhibition is just one of several planned exchange programs between China and Democratic Germany over the next two years. This October, some 50 Chinese children's drawings will be sent to Berlin.

Deng Discusses Price Reform, Policy on Hong Kong
OW0306130088 Beijing XINHUA in English
1155 GMT 3 Jun 88

[Text] Beijing, June 3 (XINHUA) — The current price reform in China involves big risks but can and will be accomplished, senior Chinese leader Deng Xiaoping said today.

"Our work must rest on facing big risks and preparing countermeasures so that the 'sky won't fall down' even if we meet a big risk," Deng said in a meeting at the Great Hall of the People with Chinese and foreign participants at an international seminar on China and the world in the 1990's.

Deng said China has realized its first goal of guaranteeing people enough food and cloth.

The price and wage reform won't be very critical to reaching the second goal of attaining the level of being comparatively well-off by the end of the century, he said.

But it would be very critical to achieving the third goal of developed-country status by the year 2050. "That's why we are determined to take this risk," he said.

Deng said the reforms cannot be carried out one by one. Rather they should be tackled in a comprehensive way.

"It is better to bear short-term sufferings than the long-term ones," he said.

Deng said conditions are ripe in China to take the risk of price and wage reforms in an all-round way.

"First of all, we have ten years of development," he said. "The society and the people have a certain ability to endure risks. In addition, we have had experience overcoming serious difficulties in the 1960's. We have now many more goods and materials than we had then."

Deng said the people will accept decisions of government just as long as those decisions are made clear to them.

He thanked the foreign delegates for their suggestions on China's development made at the seminar.

"All of you have given China help. We have heard many useful opinions which will play a good part in the government's drawing up policies."

Deng hoped foreign entrepreneurs will invest boldly in China and transfer their technology to help its construction.

He said China may face risks in its reforms, but there are no risks for foreign investors. The country may be poor but it keeps its word, he said.

Deng also reaffirmed the government's stand on Hong Kong and said the policy remains unchanged. After 1997, when China takes over, Hong Kong's systems will be kept in place for 50 years. "We will keep our promise," he added.

Deng said Hong Kong's stability and prosperity is closely linked with the development of the mainland.

"China needs 50 years in the next century for its development strategy. Apart from one Hong Kong, we are planning to set up several Hong Kong-type areas in the mainland."

He said that by 2050 the mainland will have the status of a middle developed country with an average income of 4,000 U.S. dollars per capita while Hong Kong will probably surpass an estimated average income of 10,000 U.S. dollars per capita.

He said even then China's policy toward Hong Kong will not be changed.

Zhao Ziyang on Price Reform, Detente, Pollution
OW0306013688 Beijing XINHUA Domestic Service
in Chinese 1457 GMT 2 Jun 88

[By reporter Feng Xiuju]

[Excerpts] Beijing, 2 Jun (XINHUA) — General Secretary Zhao Ziyang of the CPC Central Committee said here today: The stress of China's current economic restructuring will switch to the problems of prices and wages.

He said: The direction of price reform is to not rely on the state for price fixing but to rely on market regulation.

Zhao Ziyang talked about the above problems in Zhongnanhai while meeting with more than 50 Chinese and foreign delegates attending an international conference on "China and the World in the 1990's."

Zhao Ziyang said: "Price reform may be the most difficult problem encountered by all socialist countries in the course of reform. We are prepared to try it and take some risks. Of course, it is possible for our country to succeed in solving this problem because our economy is good, people's income has been increasing year after year, and our situation in foreign exchange earnings and payments is not bad either. If we can pass this test in 5 years, China's economy as a whole will be able to shift to a new structure."

The international conference on "China and the World in the 1990's," attended by delegates from 10 countries, concluded in Beijing today. [passage omitted]

Zhao Ziyang reiterated that China will unswervingly pursue an independent foreign policy of peace. He said: China welcomes anything that is conducive to promoting East-West and regional detente. He stressed: When the

two superpowers reduce their nuclear weapons by a big margin the problem of nuclear weapons possessed by other countries will be naturally solved.

On environmental protection, Zhao Ziyang said: China will strive to reduce pollution while developing its industry. China uses coal as its main fuel, and coal is bound to bring some pollution to the environment. China hopes to cooperate with other countries in this regard and to introduce some pollution-reducing technology and equipment from abroad.

Ma Hong, chairman of the international conference and director general of the Economic, Technological, and Social Development Research Center under the State Council, was present at the meeting.

More on Zhao, Price Reform
OW0206152488 Beijing XINHUA in English
1435 GMT 2 Jun 88

[Text] Beijing, June 2 (XINHUA) — Chinese Communist Party General Secretary Zhao Ziyang expressed confidence today that China's price reform will succeed despite the difficulty such a task poses for a socialist country.

China's current economic reform has already begun to center on prices and wages, Zhao said at a meeting here with Chinese and foreign participants at an international seminar on China and the world in the nineties.

He said prices should be guided by market regulation and not price setting by the state.

"Price reform is probably the most difficult job for all socialist countries undertaking reforms to deal with," Zhao said.

"But we are ready to try and will take the risk."

He felt success is possible because China's economy is healthy, incomes are rising, and international payments are favorable.

"If China overcomes this barrier of price reform in about five years, its economy will be shifted completely onto a new system," he said.

During the three-hour meeting, Zhao listened to suggestions on China's economic scientific and technological development.

Olusegun Obasanjo, former president of Nigeria, said that other Third World countries look to China to promote relaxation, disarmament and international cooperation.

He said he hoped China will have more say in settling regional conflicts, too.

Zhao reiterated China's pledge to world peace and said China welcomes anything conducive to a relaxation of tensions between East and West or regionally.

He said that only when the two superpowers significantly cut back their nuclear weaponry can the question of other nuclear countries be solved.

Zhao said China is striving to fight industrial pollution and hopes to cooperate with other countries by importing technology and equipment to reduce pollution caused by the use of coal.

Li Peng Urges Greater Role for Banks
OW0206154688 Beijing XINHUA in English
1520 GMT 2 Jun 88

[Text] Beijing, June 2 (XINHUA) — Chinese Premier Li Peng has called on banking, financial and planning departments to strengthen their coordination so that banks can play a greater role in the economy.

Banks are an important means for the state to regulate the economy and should be encouraged not to issue loans that are not in line with state policy, he said.

Li, who made the comments following a national banking meeting here on Wednesday, said China's economic system is in a transitional phase from a highly centralized economy to a socialist planned commodity economy and because of that macro-control must be strengthened.

He said the People's Bank of China, which comes under the State Council, must implement the state policy on macro-economy and not be influenced by localities and departments.

Meanwhile Vice-Premier Yao Yilin asked the bank to continue its tight money policy.

"This will help promote the reform, boost economy and avoid inflation," he said.

Yet, he added, the bank must support basic industries including farming, export-oriented production units, energy development, transport and raw material development.

Country Suffering 'Reform Weariness Syndrome'
HK0206055188 Hong Kong CHENG MING in Chinese
No 128, 1 Jun 88 pp 10-11

["Notes on the Northern Journey" by Luo Ping (5012 0393): "The Reform Weariness Syndrome—Zhao Ziyang and Li Peng Are in a Difficult Situation"]

[Text] Portraits of Marx, Engels, Lenin, and Stalin Will No Longer Be Displayed After 1 October Next Year [subhead]

A top-level source disclosed that portraits of Marx, Engels, Lenin, and Stalin will no longer be displayed after 1 October next year, when the PRC celebrates its 40th founding anniversary.

This decision was made by the CPC Central Committee Secretariat.

In early April the CPC Central Committee Secretariat held a meeting to discuss the question concerning displaying huge portraits of Stalin in Tiananmen Square on festive occasions. This question was raised because the Soviet Union had started to expose and repudiate Stalin's towering crimes. The facts about Stalin revealed by the Soviet Union provoked great repercussions throughout the world and seriously damaged Stalin's image. The CPC had always held Stalin in high esteem and maintained that his achievements outweighed his errors. Now the CPSU had revealed Stalin in his true colors and this put the CPC in an extraordinarily embarrassing position. Many social scientists had frequently talked about Stalin's errors and were of the opinion that it was necessary to criticize them and their pernicious influence on China, but the authorities remained silent. No CPC publication or social sciences research organ ever commented on this. However many top CPC leaders were aware that the truth would finally come out and therefore they decided to take the initiative. At the Secretariat meeting they suggested not displaying Stalin's portraits in Tiananmen Square on festive occasions. After some discussion it was decided that Stalin's portraits should no longer be displayed as of 1 October next year. "When the city gate catches fire, the fish in the moat suffer." They also decided to abolish the practice of displaying portraits of Marx, Engels, and Lenin on festive occasions.

Some people suggested at the meeting that the portraits of Sun Yat-sen and Mao Zedong should not be displayed either, but the meeting did not accept this suggestion for fear that it might cause strong repercussions.

The Secretariat's decision should of course be submitted to Mr Deng for approval.

The Mystery of Zhao Ziyang's Gray Hair [subhead]

This matter has not been disseminated in society before. A well-informed source pointed out: "This is probably a sign of a thorough reform in China"

I do not agree with him.

A thorough reform must touch and change the political system. That is to say, the single party dictatorship system must be changed into multidemocratic politics, and this is something unacceptable to the CPC. The abolition of the practice of displaying the portraits of the "four revolutionary teachers" does not indicate CPC abandonment of the "four cardinal principles," "socialism," or Marxism-Leninism, but only suggests that the CPC has been compelled to adopt such a pose or to make small concessions.

In the eyes of ordinary people, economic problems on the mainland are more serious than political issues. According to an analysis by some authoritative economists China is encountering 10 economic problems including: Excessive price rises; big financial deficits; increase in debts; a drop in accumulation, shortage of materials; energy; traffic facilities; and monopolization of economic interests. This is where the people's misgivings and dissatisfaction lies. Some experts pointed out that this common economic sickness in "socialist countries" cannot be cured without the institution of a full set of thorough structural reforms.

The CPC has met with quite a number of obstacles even in the course of carrying out limited reform and the current reform will certainly lead nowhere. Zhao Ziyang's hair has basically turned gray over the last few months, and it is getting thin in parts. This is indicative of the above problem.

A Sandwich-Like Predicament [subhead]

Zhao Ziyang is very worried about the current inflation and loss of control over prices. He is racking his brains to implement the coastal economic development strategy. He has decided not to travel abroad this year but to concentrate his efforts on reform work and implementing the coastal economic development strategy. The strategy for coastal areas to participate in the great international circle was proposed by Wang Jian, a 33-year-old assistant researcher in the State Council's Political, Economic, and Social Development Research Center. This strategy was later accepted by Zhao Ziyang. Zhao Ziyang made a formal proposal to the CPC Central Committee Political Bureau in January this year discussing the strategy, which was subsequently submitted to Mr Deng. Deng wrote the following instruction on 23 January: I completely agree. It is necessary to speed up our efforts and to be bold in our work. On no account should we miss the opportunity. The core of this strategy is "importing more funds, technology, and raw materials and exporting more finished products." This strategy has met with resistance and opposition from some conservatives, provincial leaders, minority nationality leaders, and economists.

Resistance by Conservatives and Leaders in the Northwest and Southwest of the Country [subhead]

During the NPC and CPPCC meetings in Beijing the Secretariat for the meetings received many suggestions on "strengthening hinterland construction" and "providing assistance for poor areas." These suggestions were made by representatives from the southwestern and northwestern regions of the country. Obviously they made these suggestions out of consideration that Zhao Ziyang only paid attention to the coastal areas' "participation in the great international circle," to the neglect of the development of backward areas. They said this was a mistake and should be stopped and corrected. In this

sense, this served as "polite criticism" of the strategy, but outside the meetings, they entered into fierce rivalry. Some people even wrote articles saying that "this road is impassable."

Because Zhao Ziyang has found himself in a sandwich-like predicament (between approval by Deng and opposition from below), he has been overcome by extraordinary fatigue in the short span of six months since he assumed the post of general secretary.

The Masses Call Li Peng a "Price Raising Premier"
[subhead]

Li Peng has found the going tough and he is encountering bigger difficulties than Zhao Ziyang.

It has been almost 2 months since Li Peng assumed the premiership. During this period prices have kept rising and the masses have found it difficult to buy the daily necessities they want. Therefore they call Li Peng a "price raising premier."

From the proud words in Li Peng's Government Work Report people were eager to see the realization of his determination to "stabilize the economy," but thus far they have not seen a "stable economy." Instead, they have seen more unstable factors in the economic situation. In the first place, the masses have no more trust in the superiority and necessity of the "replacement of covert subsidies by overt ones," which has been lauded to the skies by the government. On 15 May the government announced the adjustment of the prices of nonstaple food including meat and sugar. But it has only increased the monthly subsidies by 10 yuan for employees (of government organs and state-run enterprises and institutions) and retired personnel. This increase does not solve their problems. I have heard that house rents as well as charges for water, electricity, and gas in Beijing will rise in the second half of this year. In such cases the standard of living of ordinary people and government functionaries will drop, and only individual traders, private entrepreneurs, and speculators will be able to maintain the same standard of living. Li Peng said that major efforts would be devoted to increasing production, but under the present conditions and in terms of the production structure and the workers' morale, no good results are likely to be achieved.

Workers in Large Factories in the Central Plains Staged Strikes [subhead]

After returning from his tour to some areas along the Lanzhou-Lianyungang railway (including Xuzhou, Kaifeng, Luoyang, Xian, and Baoji), a friend told me that the central plains were under the control of astonishingly leftist party officials and socialist insects (most of them carry out their activities under the banner of invigorating the economy and opening up to the world). These people have made a mess of everything. As a result of the loss of control over price rises and inflation, workers in some

large factories in the central plains recently staged strikes. Some of the workers even said brazenly: "We want you to fire us now; after we are sacked we will apply for business licenses and trade on our own, and we will soon make money!"

Unofficial statistics reveal that 80 percent of the workers in some factories in the central plains "come to their factories but refuse to work." The factory authorities can do nothing about the workers' slow down action.

Top CPC Leaders Are Afraid That the Workers' Strikes Will Merge With Student Demonstrations [subhead?]

A friend who is working in Zhongnanhai told me that after Li Peng presided over a State Council office meeting to work out a plan on work division and work discipline, the CPC Central Committee held the sixth and seventh Political Bureau meetings since the 13th party congress, to discuss three prominent social problems. A decision was made to form three groups to carry out surveys and formulate measures to resolve the three problems. The three problems are prices, education (mainly secondary and primary), and bad party style which is ruining the general mood of society. I have been told that the Political Bureau lacks theoretical creativeness and scientific analysis and it therefore cannot work out any specific measures. What the lords in Zhongnanhai are most afraid of is a joint action by industrial workers and students against price rises and in favor of democratic politics. They insist that strong measures must be taken to prevent the workers and the students from forming a combined action and to extinguish any spark that may lead to strikes by students or workers.

Judging from the different aspects the present situation on the mainland is by no means good. A sense of crisis is spreading throughout the country and the whole nation is goldbricking. Some economists point out that because political reform is not being carried out in coordination with economic reform, and because single party dictatorship has not been replaced by democratic politics, reforms on the mainland have entered a blind alley and the country is suffering from what people call the "reform weariness syndrome."

Legal Services Network Operating
OW0106142888 Beijing XINHUA in English
1306 GMT 31 May 88

[Text] Beijing, May 31 (XINHUA) — A nationwide network for studying law and providing legal services has been set up in China.

The network consists of 225 local societies of law science in China and includes legal experts and scholars who provide a variety of legal services and promote academic exchanges, an official of the China Society of Law Sciences says.

The local societies have a membership of 56,000 and in the past 5 years have held 520 academic symposiums, including 21 national conferences and meetings.

More than 1,300 academic reports have been tendered at these meetings, covering matters such as jurisprudence, the Constitution, administrative law, the civil code, economic law, criminal law, procedural law, marriage law, and law of reforms through labor.

Many of the suggestions have helped the government construct a legal system. For example, a suggestion by the Society of Constitutional Study that big cities should have more rights to make local regulations was adopted by the Standing Committee of the National People's Congress in revising the laws concerning local people's congresses and local people's governments.

The China Society of Law Science has also organized experts in studies and consultations on legislation.

In the past 3 years, it has given opinions on the revision of 14 law drafts including "The General Principle of Civil Code", "The Law of Compulsory Education", "Bankruptcy Law", and "Law of Foreign-Funded Enterprises."

Some members of local societies have also joined in drafting and revising laws.

All the societies have published popular readers about the legal system and have given training courses in law in classrooms and through radio or television.

Commentator Urges Popularizing Legal Knowledge
HK0206060688 Beijing RENMIN RIJIAO in Chinese
27 May 88 p 4

[Commentator's article: "Spreading Legal Knowledge To The Peasants"]

[Text] To popularize legal knowledge among the peasants is a basic project which is of great significance. The holding of the National Work Conference on Popularizing Legal Knowledge in the Rural Areas has made a timely and important contribution to greatly enhancing the people's understanding of the great significance of the work of popularizing legal knowledge in the rural areas and to effectively popularizing legal knowledge in the rural areas.

Since the broad masses of the peasants of our country have for many years lived in an environment dominated by semi self-sufficient natural economy, the education standard of our country's peasants is relatively low. The peasants of our country lack all types of knowledge; and for many generations, only a small number of our country's peasants have never touched upon legal knowledge. In the course of the rural reform, the problem of peasants lacking legal knowledge has become a glaring problem which merits our attention. Therefore, the

central authorities have decided to popularize legal knowledge centering on the Constitution in the rural areas. This is a timely and necessary decision. The experiments carried out in some rural areas of our country show that only when the broad masses of the cadres and peasants in the rural areas clearly know their rights and responsibilities as a citizen of our country, know how to apply the law to safeguarding their legitimate rights and interests, know how to apply the law to restricting their own behavior, and know how to make use of the weapon of law to fight against all the illegal activities will their sense of being the master of the country be strengthened and will the power organs at the grass-roots level in the rural areas be able to build democracy on a sound basis.

While popularizing legal knowledge in the rural areas, we must clearly understand the fundamental nature of the socialist law. According to the fundamental nature of the socialist law, the broad masses of the people are the masters of the law. In the course of popularizing legal knowledge among the peasants, we should not regard the masses as the object of legal sanctions. We should not frighten the masses with the law nor should we be allowed to punish the masses on the excuse of popularizing legal knowledge in the rural areas. We must understand that the socialist law is the legalization of the party's policies that have been proven correct in practice and is the institutionalization of the socialist ethics as well. The popularization of legal knowledge is not only an education on the legal system but also an ideological and ethical education. The extensive popularization of legal knowledge in the rural areas of our country will certainly push forward with the building of the spiritual civilization in the rural areas and help guarantee the healthy development of the production and operation of the commodity economy in the rural areas.

Now we have carried out experiments on popularizing legal knowledge in some rural areas of our country and have gained some experience in this respect. One of the important experiences is that in popularizing legal knowledge in the rural areas, we must proceed from the actual local situation, make practical plans for the work, and carry out the work of popularizing legal knowledge in a down-to-earth manner. Efforts should be made to select a small number of commonly used laws and popularize them among the peasants in light of the actual needs in the rural areas. Efforts should be made to adopt a variety of vivid propaganda forms and methods to repeatedly explain the relevant laws to the peasants so as to enable the broad masses of the peasants to fully understand them. We should first conduct education on legal knowledge among the cadres at the grass-roots level, the staff and workers in the town and township enterprises, the heads of peasant households, and the individual business operators so as to enable these people to acquire a good understanding of legal knowledge first. Then we should spread legal knowledge further to all the peasant households, enterprises, and villages so as to expand the scope of legal education. We should take

steps to prevent such practices as doing things perfunctorily or superficially. We should understand that to popularize legal knowledge among 800 million peasants is no easy task. We must make great efforts to continuously carry out an in-depth popularization of legal knowledge among the peasants in the rural areas in order to really strengthen the legal concept of the broad masses of cadres and peasants in the rural areas.

College Students Share Thoughts, Hopes
OW0206202588 Beijing XINHUA in English
0052 GMT 2 Jun 88

[XINHUA Editor's Note: "Following is the first of a series of stories on a survey entitled "Thoughts and Choices of China's College Students Today"]

[Text] Hefei, June 2 (XINHUA correspondent Wang Zhengzhong) — A survey has revealed while wishing to contribute to the society, China's college students also want the society to respect them as individuals and satisfy their needs.

Opinions expressed on a recent questionnaire showed about 74 percent of the 10,000 questioned, or 0.5 percent of all college students nationwide, supported the ideas of "each individual serving everyone else, while everyone serving each individual" and "doing things subjectively for oneself but objectively for others."

Some 16 percent of the students agreed with the idea of "selflessness and utter devotion to public interest," while only three percent were in favor of the idea of "each person looking out only for himself or herself."

The questionnaire, the largest of its kind circulated since the founding of New China in 1949, was organized by the Hefei-based Chinese University of Science and Technology. It touched on 12 areas, including politics, life, morals and love.

"Once given life, a person wants to accomplish something," Dai Tieying, a sophomore in the Management Department of the Chinese University of Science and Technology, told XINHUA. "And I think the value of life is determined by the practical integration of ends and means."

Dai thinks an individual's social contribution is made in the course of working for and serving others, and is acknowledged when the society respects people as individuals and satisfies their needs.

"In my opinion," Dai said, "Realization of the value of life cannot be separated from each person's subjective effort, or from the objective conditions we all create for each other."

According to the survey, more than half of the students questioned coincided with Dai's idea that the most important factors for people to be useful in the society are opportunity, good luck and popular support.

When talking about personal goals, 20 percent of those participating said they favored the idea of "achieving one's goals independently", 15 percent supported the idea of "depending on the society," while 11 percent leaned towards the idea of "relying on the Communist Party and the state."

"Even while serving coffee to customers in a cafe, I am aware the society needs me," Dai said. In early 1988, he scored high enough on the employment examination to be hired by the first cafe run by college students in Hefei, the capital of Anhui Province.

Dai, who works at the cafe twice a week during his spare time, said, "I work there eight hours a week not only for money, but also for a better understanding of the society."

He said, "In one respect, money is a criterion for assessing a person's value." His father graduated from college in the 1950's and is now a hospital staff doctor in the port city of Qingdao in Shandong Province.

According to Dai, his father seldom accepts overtime pay even if he works on Sundays.

"Compared with college students of my father's generation, college students of the current generation may seem a little selfish, because we hope our contributions to the society will be reflected in personal gain," Dai went on.

"Most of the college students in China today hope for the realization of their personal ideals while contributing to social progress," said Associate Professor Xu Guangming, one of the questionnaire's organizers. This realization can also be expressed in students understanding how they can be useful to the society.

Until just a few years ago, most students devoted all their time to study and did not do any social work, commented Zhang Qian, a fourth-year student in the Construction Engineering Department of the Hefei Polytechnic University.

But now, he went on, only about four percent of the college students still follow this lifestyle, while more than 90 percent are seeking practical experience, like getting involved in social work as part of their college life.

PLA Officer-Soldier Ratio Set To Decline
HK0206141988 Beijing ZHONGGUO XINWEN SHE
in Chinese 0258 GMT 30 May 88

[Text] Beijing, 30 May (ZHONGGUO XINWEN SHE)—When the PLA implements the civilian official system, the officer-soldier ratio will drop 5.3 percent.

Wen Zhizhu, an officer from the General Political Department of the PLA who is involved in introducing the system, made the above statement to this reporter.

He said that the officer-soldier ratio in China's Army is rather high in comparison with other countries. This is detrimental to strengthening the Army's fighting capacity and is also an important reason China's Army should implement the civilian official system.

The Army is a field of activity for young people. Fiery and bloody battle calls for a strong body and vigorous energy, and consequently the officers are subject to age limits for military service. To change the technical cadres in the Army into civilian personnel will rid them of this limit, and this will contribute to the stability of the technical contingent in the Army and the preservation of the technical backbone. This is undoubtedly of paramount importance for China's Army, which is in need of a great quantity of technical cadres because of the continuous improvement of its weaponry and equipment.

In the past China's Army managed its technical cadres according to a single formula, basically the same as it did its administrative officers. This failed to mirror the characteristics of their job and hampered their growth and development.

"In short, the implementation of the civilian official system is an inevitable trend and product brought about by the regularization and modernization of China's Army as well as one of the three important measures for reforming the Chinese Army cadre system," Wen Zhizhu explained.

This is the first time China's Army has implemented the civilian official system. It differs greatly from that practiced in foreign armies, primarily in four aspects: First, the civilian personnel in China's Army temporarily retain their military status, are retained in the Army's fixed establishment, and enjoy the same treatment as officers on active duty. This is entirely contrary to what is practiced in foreign armies. Second, the personnel are totally composed of cadres rather than all sorts of people, including functionaries and workers, as seen in foreign countries. Third, the civilian cadres in China's Army can be changed into active duty officers when necessary, which is not allowed in foreign countries. Fourth, while China's Army appoints its civilian cadres in most cases at present, foreign armies recruit their civilian personnel.

Wen Zhizhu emphasized that the Provisional Regulations for PLA Civilian Personnel are transitional, pending continuous improvement through practice. Given the necessary and ripe conditions, a revised edition of the regulations which is better, more systematic, and embodies the characteristics of China's Army will be worked out.

He further disclosed that one of the main characteristics of the formal regulations for civilian personnel is the same as that seen abroad; that is, civilian personnel no longer retain military status. The questions of when the formal regulations will start their transitional enforcement and how long the provisional regulations will be implemented are now under review and assessment by a special panel.

It took 8 years of drafting and scores of corrections before the provisional regulations for the Army's civilian personnel, which were signed and ordered for promulgation by Chairman Deng Xiaoping toward the end of last month, were ready for introduction. The civilian official systems introduced in the armies of various countries, including the United States, Britain, France, Canada, the FRG, Japan, the USSR, Romania, Yugoslavia, Hungary and so on, were carefully referred to in drawing up the regulations.

The pilot project work for the civilian official system for China's Army began in March this year and was completed at the end of this month. The experimental work was carried out successfully. It is planned that the work of changing the officers on the active duty list into civilian cadres will be accomplished by the end of July.

Marines 'Strengthening' Military Training
HK0306002888 Beijing CHINA DAILY in English
3 Jun 88 p 1

[By staff reporter Liu Dizhong]

[Text] The Marine Corps of China's People's Liberation Army is strengthening its military training and equipment to safeguard the national interests and the security of China's territorial waters.

A senior officer at Naval headquarters disclosed that the training is mainly aimed at upgrading the corps' ability to defend the island in the South China Sea.

In an exclusive interview with CHINA DAILY, the officer strongly denounced Vietnam for violating China's sovereignty and territorial integrity in the Nansha Islands [Spratlys] and reiterated China's right "to recover the occupied islands at an appropriate time."

Earlier last month, the Ministry of Foreign Affairs issued a memorandum proving that the Nansha Islands have been China's territory since ancient times and demanded the Vietnamese withdraw from islands that they had illegally occupied. The officer said that the Vietnamese are occupying 21 of the 200 odd islands and reefs in the South China Sea area.

On March 14, Vietnamese armed vessels opened fire on Chinese vessels and the latter had to return fire, sinking one enemy warship and damaging two in the battle around Chigua Reef of the Nansha group.

He described the Marine Corps, a diversified military division under the Chinese Navy, as a "modernized force of steel" capable of defending the nation's territorial waters and interests.

Set up in early 1980, the Marine Corps became the fifth division of the Navy, following the Submarine Fleet, Surface Fleet, Naval Air Force and Harbour Defence Force.

The officer did not disclose the exact makeup and strength of the Marine Corps, but it consists of infantry, artillery, engineering, armoured, reconnaissance, anti-chemical warfare, and telecommunications units.

He said that efforts have been made in recent years to update the equipment of the Marine Corps which acquired a series of new weapons. These include tanks, armoured vehicles, cannons, warships, hovercraft and other types of conventional weapons.

He said that most of the officers were graduates from the military academies. The fighting quality of the corps has been greatly raised through hard and frequent manoeuvres, usually involving joint operation exercises with other branches of the Armed Forces.

Computer systems and other advanced training devices have been widely used in day-to-day combat exercises, the officer added.

While attaching great importance to learning from the experience of marine corps in other countries, China's Marine Corps has focused its efforts on upgrading tactics, arms and equipment, and training systems. It is trying to improve its response time in emergency situations and its capability to manoeuvre on land and sea, he said.

Last year, the Navy conducted a series of long-distance exercises together with the Army and the Air Force in the West Pacific and South China Sea—demonstrating the nation's capability for comprehensive defence in areas far from home shores.

According to reliable sources, the Navy has hundreds of auxiliary vessels to ensure logistics supply for a blue-water fleet on medium and long-distance operations.

The completion of the county's largest naval base close to Qingdao, Shandong Province, has helped build up the Navy's combat and supply strength. Over 100 naval ports and stations have been built along the coast, the sources said.

Zhao Meets Representatives of Children's Work
OW0206030588 Beijing XINHUA Domestic Service in Chinese 1058 GMT 1 Jun 88

[By reporter Zhang Sutang]

[Text] Beijing, 1 Jun (XINHUA) — People in Zhongnanhai were busy with the next generation's health and growth on the morning of International Children's Day. Zhao Ziyang, Yang Shangkun, Li Peng, and other party and government leaders cordially met some 100 representatives of the advanced individuals and collectives who have made outstanding contributions to the growth of the Chinese children, and hoped that they and the whole society will contribute more to the future of their motherland.

These representatives from every quarter and front of China came to Zhongnanhai to participate in a national forum on children's work at the invitation of the Secretariat of the CPC Central Committee. Zhao Ziyang, Yang Shangkun, Li Peng, Wan Li, Qiao Shi, Hu Qili, Yao Yilin, Li Tieying, Bo Yibo, Rui Xingwen, Yan Mingfu, Wen Jiabao, Xi Zhongxun, and Kang Keqing took a group photo with them to mark the occasion, and hoped that the whole society will successfully carry out the work of training and educating the new vital force expected to contribute to great constructions in the 21st century.

Yan Mingfu, member of the Secretariat of the CPC Central Committee, presided over the forum. He and the representatives had an in-depth discussion on the current children's work in China and its problems and direction of development.

Hu Dehua, secretary of the Secretariat of the All-China Women's Federation, read at the forum a decision signed by Kang Keqing, chairman of the National Children's Work Coordinating Committee and president of the Children's Foundation of China, which awarded the "Ardently Love Children" medal to Sun Yi, an after-school activities counsellor of the PLA General Staff Department, and seven other individuals as well as Beijing's Haidian District and 31 other units.

On behalf of the CPC Central Committee, Li Tieying, member of the Political Bureau of the CPC Central Committee, state councillor, and concurrently minister of the State Education Commission, extended warm congratulations to the winners of the "Ardently Love Children" medal, and sent highly esteemed greetings to all people and comrades who are either doing children's work or are enthusiastic about it.

He emphatically pointed out in his speech: We shall repeatedly publicize the importance of children's work throughout the society. We shall publicize the idea that

educating the next generation is the responsibility of the whole society and that of the entire Chinese nation. It is not only the unshirkable duty of every family but also the obligation of every citizen.

Xue Qibing, a professor of the Beijing Institute for Study of Children; Guo Nan, deputy secretary of Gansu's Dingxi County CPC Committee; Yang Hongxin, deputy secretary of Henan's Anyang Municipal CPC Committee; and Zheng Longzhe, deputy governor of Liaoning's Yanbian Korean Autonomous Prefecture, briefed the forum on children's work in their respective localities and on the experience they gained from the work.

Li Peng, Others Meet Model Geologists, Miners
OW2805083388 Beijing XINHUA Domestic Service
in Chinese 1430 GMT 26 May 88

[By reporters Huang Fengchu and Zhou Liang]

[Text] Beijing, 26 May (XINHUA) — Premier Li Peng had a meeting in Zhongnanhai this afternoon with representatives of units and individuals who have distinguished themselves in material and spiritual construction in the geological and mining departments. On behalf of the State Council, Li Peng expressed his respects and cordial regards to the nation's geological workers who have been working year-round in the field.

Comrades Hu Qili, Rui Xingwen, Wen Jiabao, and Zou Jiahua were present at the meeting and the photo session with the representatives.

These representatives are in Beijing to attend a meeting commending the advanced collectives and individuals who have contributed to spiritual construction in the geological and mining departments. Some representatives are outstanding leaders who have achieved exceptional results in leading geological workers to carry out courageous reforms and finding mineral resources; some are well-managed mechanical and tunnelling units which have successfully applied advanced technology in mining; some are drivers who have driven their vehicles for 1 million km without an accident; and some are collectives having contributed remarkably to material and spiritual construction.

Speaking to these representatives, Li Peng said: Geological surveying is hard but essential work. The development of China's rich mineral resources depends on the hard work of all geological workers. He urged the representatives to continue to carry out arduous and strenuous struggle as they always have under the guidance of the 13th party congress and locate more useful mineral resources in order to make even greater contributions to China's four modernizations.

After the meeting, Comrades Rui Xingwen, Wen Jiabao and Zou Jiahua presented awards to the advanced collectives and individuals at a ceremony sponsored by the Ministry of Geology and Mineral Resources at Zhongnanhai's small auditorium.

Speaking at the ceremony, Zhu Xun, minister of geology and mineral resources, highly appraised the representatives and called on all geological workers and miners to learn from them. He also urged all workers to make even greater contributions to the development of the country by further emancipating their minds, fostering the commodity economic concept, heightening the sense of doing pioneering work, and continuing to push material and spiritual construction forward.

National CPPCC Chairman Visits Hubei
HK2705144188 Wuhan Hubei Provincial Service
in Mandarin 1130 GMT 26 May 88

[Excerpts] Li Xiannian, chairman of the CPPCC National Committee, yesterday morning inspected the Wuhan Iron and Steel Company in the company of Guan Guangfu, secretary of the provincial party committee. Chairman Li Xiannian has always cared very much about the development of the PRC iron and steel industry. Yesterday's inspection tour of the Wuhan Iron and Steel Company was his sixth inspection tour of the company. [passage omitted]

During yesterday's inspection tour of the company, Li Xiannian noted: To develop our enterprises under the situation of reform and opening up, we must rely on technical workers, intellectuals, and advances in technology, and comprehensively enhance quality. Our enterprises must strengthen management. In implementing the contracted management responsibility system, we must set quotas in a scientific way, attach importance to product quality, reduce production costs, and strive for economic returns and social benefits. [passage omitted]

On the evening of 24 May, Chairman Li Xiannian met with responsible persons from the Wuhan City party, government, and military organizations as well as retired veteran cadres in the Wuhan Theater. During the meeting, Chairman Li cordially talked with them and posed for a group photograph with them.

Song Ping Attends CPPCC Member's Funeral
OW2705051188 Beijing XINHUA Domestic Service
in Chinese 0626 GMT 25 May 88

[Excerpts] Beijing, 25 May (XINHUA) — Comrade Meng Dingjun, member of the Seventh CPPCC National Committee and former vice chairman of the Gansu Provincial CPPCC Committee, died of illness in Beijing on 16 May at the age of 75. A ceremony was held at Beijing Hospital this morning to pay last respects to the late comrade.

Comrades Song Ping, Yan Mingfu, Wang Shoudao, Liu Lantao, Xi Zhongxun, Banqen Erdini Qoigy Gyancan, Wang Renzhong, Fang Yi, Gu Mu, Yang Jingren, Zhou Peiyuan, Zhao Puchu, Qu Wu, Ma Wenrui, Sun Xiaocun, and Cheng Siyuan sent wreaths. [passage omitted]

More than 200 people from all walks of life attended the ceremony, including Comrades Song Ping, Liu Lantao, Xi Zhongxun. [passage omitted]

Song Ping Expresses Concern for Youth
OW2805001188 Beijing XINHUA in English
1329 GMT 27 May 88

[Text] Beijing, May 27 (XINHUA) — A top party leader today urged retired officials to become an important force in educating youngsters. Three million retired officials could devote themselves to this work.

Song Ping, member of the Political Bureau of the Chinese Communist Party Central Committee, was speaking at a national forum on "Showing Concern for Youngsters" at the Great Hall of the People.

Retired officials, who have been through liberation wars, socialist construction and the recent reforms, are well qualified to give moral guidance to youngsters, Song said.

He said that although most young people in China are morally good, an "unhealthy social tendency" has produced a bad influence on the young. The rate of juvenile crimes has increased recently. Effective measures should be taken to win the youngsters over.

Song hoped that the Chinese Communist Party organizations at every level will support and mobilize more retired officials to involve themselves in the education of the young.

Since 1984 nearly 10,000 associations of "Showing Concern for Young People" have been set up in 21 provinces, autonomous regions and municipalities. Hundreds of thousands of retired officials and retired model workers have volunteered to take part in the work. They have gone to schools to give talks and lectures to students, offered various training courses, showed concern for young criminal offenders and acted as children's instructors.

Preferential Taxation for Foreigners Outlined
HK2905034088 Beijing ZHONGGUO XINWEN SHE
in Chinese 0720 GMT 25 May 88

[Text] Beijing 25 May (ZHONGGUO XINWEN SHE)—Talking about China's taxation concerning foreign nationals, Ministry of Finance Treaty and Law Department Director Hu Zixin (5170 1807 2450) said not long ago that, while opening to the outside world, utilizing foreign investments, and importing technologies, China is formulating new preferential regulations

concerning foreign nationals almost every year. Of various investment conditions in China, preferential taxation for enterprises with foreign investments is rather beneficial to foreign nationals.

According to Hu Zixin, by the end of 1987 China had sanctioned some 10,000 enterprises with foreign investments, involving a total volume of \$22.8 billion of foreign investments in negotiation, and an actual input of \$8.78 billion since the implementation of the open policy in 1979. At present, some 4,300 enterprises with foreign investments are in production and operation. The fact that such a great number of foreign businessmen making investments in China has demonstrated that China's preferential taxation concerning foreign nationals makes their investments profitable.

Preferential taxation concerning foreign investments involves two aspects: enterprise income tax and industrial and commercial consolidated tax, with the former being more important.

Hu Zixin said that, the actual income tax rate for those productive enterprises with foreign investments in special economic zones including Hainan, the largest of them all as well as the economic and technological development areas in coastal port cities was an average 9.75 percent on an annual basis in the first 10 years (and it was 4.5 percent in the first 5 years) while the actual income tax rate was between 7.25 and 8.25 percent for export-oriented enterprises and enterprises of advanced technologies in the first 10 years.

Industrial and commercial consolidated tax is a tax on enterprises for the commodities that they produce and operate as well as non-commodity circulation volume. All enterprises with foreign investments in China are basically exempted from industrial and commercial consolidated tax provided that their raw materials are imported and their products are export-oriented. Regarding those enterprises in which products are for the home market, they may enjoy tax reductions or exemption within a certain period provided they have difficulties paying taxes at the initial stage of their operation.

At a recently-held symposium sponsored by China Economic Law Research Society, Hong Kong Economics and Law Publishing house, and ZHONGGUO XINWEN SHE, Hu Zixin has cited a series of laws and administrative decrees concerning preferences for enterprises with foreign investments such as "Enterprise with Foreign Investment Law of the People's Republic of China," and "Regulations on Encouraging Investments of Foreign Businessmen," and said that, the promulgation and implementation of a series of preferential measures have shown that China is bent on improving its investment conditions and protecting the legitimate interests of foreign businessmen.

Incentives, Tax Breaks Stimulating Joint Ventures
OW0106143288 Beijing XINHUA in English
0101 GMT 31 May 88

[Text] Beijing, May 31 (XINHUA) — Foreign-funded enterprises have been functioning smoothly in China's light industrial sector thanks to the preferential policy offered by the authorities in the sector.

According to today's "CHINA DAILY," the 150 such enterprises in the sector had a total industrial output value of 1.08 billion yuan (281 million U.S. dollars) and exported 80 percent of their products last year.

The paper quoted Kang Zhonglun, vice minister of light industry, as saying that the favorable policies include a waiver of business tax for the first three years since the enterprise begins production and a 50 percent reduction in taxes for the following four years as well as a preferential rate of 15 percent on income tax.

The enterprises are thus able to keep more of the foreign exchange they earn for their own use than can other Chinese manufacturers of export products, the paper said.

If smoothly operated, the enterprises are allowed to make the wages for workers go up 50 to 100 percent compared with other enterprises.

The government also encourages them to sell their products at competitive prices, Kang said.

Rong Yiren Says World's Businessmen Seek Trade
OW2705043688 Beijing XINHUA in English
1001 GMT 26 May 88

["World's Foremost Business Leaders Want To Cooperate With China" — XINHUA headline]

[Text] Beijing, May 26 (XINHUA) — A leading Chinese entrepreneur said here today that overseas businessmen attending the recent meeting of the Chase International Advisory Committee are willing to expand their cooperation with China after acquiring a better understanding of the country.

Rong Yiren, chairman of the China International Trust and Investment Corporation (CITIC), told XINHUA that the past several days of talks have deepened his personal friendship with some of the world's foremost business leaders, as well as strengthened cooperation between CITIC and the companies which those leaders represent.

Rong said that Dr Giovanni Agnelli, chairman of the Fiat Company, has invited him to visit Italy and will arrange business talks with him. In addition, Gustavo A Cisneros, president of the Diego Cisneros Organization of Venezuela,

Ernesto Fernandez Hurtado, director general of the Dan-cimer, S.N.C. of Mexico, and other businessmen have also extended invitations to him to visit, as well as wanting to expand economic ties with CITIC.

During the Chase International Advisory Committee Meeting, frank discourses by Chinese leaders Deng Xiaoping, Zhao Ziyang and Li Peng on Chinese and world affairs left deep impressions on the visitors, Rong said.

Rong quoted former U.S. Secretary of State, Dr Henry Kissinger, as saying that "Chinese leaders did not evade problems when talking about their domestic issues. They know there are risks in the reform process but they are of one mind to advance head on against such risks. China is determined to pursue its course and will quicken its steps."

David Rockefeller, chairman of the committee, was quoted by Rong as saying that "Deng Xiaoping is a man with vision and one of the great men of this century."

Adding his consent, Rong told XINHUA that Deng played an important role in the discussions.

He quoted Deng as saying that "some people say the 21st century is a century of the Pacific, but whether the century of the Pacific appears lies in the development of China."

Deng said that only if China reaches the level of a medium-developed country can we say a real Pacific century has come into being.

"We want to see the emergence of the Pacific century but also that of the Latin American century, the west Asian century and the African century," the Chinese senior leader said, adding that "only under these circumstances can the world become really stable."

"Of course," Deng said, "there will still be a big gap between developing and developed countries, but at least developing countries will have become comparatively better off." Deng said the development of China is primarily the obligation of China itself and of its people, but he added that the developed countries can also play a constructive part in the nation's development.

"When China reaches the level of a medium-developed country, China's economic ties with the United States, Japan and the European countries will grow greatly," Deng said.

Customs Regulations on Imports Eased
OW0106184688 Beijing XINHUA in English
0045 GMT 1 Jun 88

[Text] Beijing, June 1 (XINHUA) — China will further relax regulations on import of small-model industrial machines by private factories and enterprises to promote private and township industry.

Today's "CHINA DAILY" reported that certain kinds of machinery, given by relatives or friends of private users on the mainland, will now enjoy tax exemption up to 100,000 yuan, from the previous 20,000 yuan according to an official at the General Administration of Customs.

Under the new regulations, the receipt of the machines or equipment valued below 20,000 yuan can be approved by the local offices in charge of Overseas Chinese affairs at the county and city level. Provinces and autonomous regions and municipalities directly under the central government are granted the right to approve the import of those valued between 20,000 yuan and 100,000 yuan.

However, the official said, the tax-exemption is strictly confined to those machines to be used directly in farming and industrial processing and repairing. Machines used in non-industrial production such as food and beverage production and toy making have to be taxed as before.

In addition, the regulations stipulate that such machines and equipment should not be resold or transferred except in special cases.

The revision of the regulations is at the request of some representatives of the National People's Congress and the Chinese People's Political Consultative Conference.

Exchange Control Administration Officially Formed
OW0206220688 Beijing XINHUA in English
0716 GMT 2 Jun 88

[Text] Beijing, June 2 (XINHUA) — The State Administration of Exchange Control has been formally authorized by the State Council to maintain its control over China's foreign debt and foreign exchange accounts, today's "FINANCIAL NEWS" reported.

In the past, responsibility for the management and control of the country's foreign debt was fragmented among various governmental departments. To remedy the situation, the Exchange Control Administration was temporarily designated to be responsible for the work.

The administration proved itself capable of the task and so has been given full responsibility by the central government.

State Treasury Bond Markets Viewed
HK0106015188 Beijing ZHONGGUO XINWEN SHE
in Chinese 0701 GMT 26 May 88

[Roundup by reporter Zhou Xiao (0719 2556): "After the Opening of the State Treasury Bond Markets in China"]

[Text] Beijing, 26 May (ZHONGGUO XINWEN SHE)—In the one month since the opening of state treasury bond markets in Shenyang, Shanghai, Guangzhou, Harbin, Wuhan, Chongqing and Shenzhen, trading in state treasury bonds has been very active. There has begun to be a rebound in the prestige of state treasury bonds.

China started issuing state treasury bonds in 1981. Up to now, such bonds to the value of more than 40 billion yuan have been issued, accounting for two-thirds of various kinds of bonds. Through issuing state treasury bonds, the Chinese Government has tapped the fund potential in society, stimulating economic development. But in the 7 years of state treasury bonds being issued, there was a continuous impact on their prestige. People stood in long lines in front of banks to purchase bonds, some making purchases of up to 10,000 yuan at a time. Yet many of them were loath to part with several tens of yuan to buy state treasury bonds. As some people recall the scene in the 1950's of people scrambling to buy state bonds, they tend to attribute this lack of response to moral degeneration.

Logically speaking, of the many negotiable bonds, the state bonds should be most welcome. This is because of its high reputation. There is little risk involved. The return on investment is also not low. In the past 2 years, state treasury bonds of 5 years' maturity that were issued have carried an annual interest level of 10 percent for individuals and 6 percent for organs. It is quite high compared with the interest on the national debts of various countries in the world.

Why should have high-interest state treasury bonds failed to hold their attraction? The main reason is that allocation has become the main way in issuing state treasury bonds. For individuals in particular, an arbitrary allocation based on the total amount of pay has objectively brought about an extremely small number of units being subscribed. The small allotment is likely to be lost and forgotten about. Moreover, the way of paying principle and interest by drawing lots to obtain relevant numbers is quite complicated, thus seriously affecting the safety of state treasury bonds. As a result, state bonds that are doubly welcome abroad draw lukewarm response in China.

To avoid allocation and re-establish the good name of state treasury bonds, some experts suggest the opening of a state treasury bond market to enable state treasury bonds to become a genuine financial asset.

On 21 April this year, seven cities simultaneously opened state bond markets, enabling those state treasury bonds locked in drawers or consigned to the bottom of a suitcase to receive attention.

Before opening state treasury bond markets, the relevant department studied three likely possibilities: 1) A large influx of customers, necessitating a temporary closure of the trading center; 2) Little trading done; 3) Normal trading.

According to an investigation, of seven cities, the state treasury bond market of Shanghai is the most steady. The main reason is that Shanghai has a number of people who know matters of finance. They know that by trading in state treasury bonds, they can make profits. At

present, state treasury bond trading in Shanghai basically holds steady. State treasury bond coupons issued in 1985 with a value of 100 yuan now trade at about 112 yuan. In other cities, there are more sellers than buyers.

An official of the Ministry of Finance said in an analysis that of the buyers of state treasury bonds, quite a large number are people relatively educated, or imbued with some financial knowledge. Many people are prejudiced against state treasury bonds and also do not know how to calculate return rates. They are therefore in a hurry to sell state treasury bonds. It is estimated that it takes about half a year's time before the masses of people really know what benefits the state treasury bond market can bring them.

The opening of state bond markets in seven cities has produced obvious results in two respects. First, there is a rebound in the prestige of state treasury bonds. Second, a heavy blow has been dealt to the black market in state treasury bonds. For example, before the opening of the market in Shanghai Municipality, a 100 yuan state treasury bond coupon could only fetch 70 yuan. Now at the trading center, it can bring the original principle back and also some interest. The residents of Shanghai Municipality now no longer trade state treasury bonds in the black market.

A relevant department hopes that in future, state treasury bonds can be issued through the market. To this end, maturities of state treasury bonds this year will be shortened to 3 years. All principal will be paid at maturity. The interest rate is still 10 percent. For common people, the return has been increased. The purchase of state treasury bonds is no longer a pure patriotic act.

The practice of allotting shares in issuing state treasury bonds still cannot be entirely done away with this year. But it is estimated that there will be less hindrance to issuance than in the past. Recently, securities companies in Shanghai and Wuhan have taken the initiative to offer to underwrite 1988 state treasury bond issues. It can be seen that there is demand for 1988 state treasury bonds.

It was learned that in addition to the above seven cities, a number of cities will open state bond markets in the not distant future.

More Cities Establish Treasury Bond Markets
OW0206094088 Beijing XINHUA Domestic Service
in Chinese 1314 GMT 31 May 88

[By reporter Ding Jianming and correspondent Xu Feng]

[Text] Beijing, 31 May (XINHUA) — With the approval of the People's Bank of China, 54 cities have been selected as the second test group to establish treasury bond markets. These markets will start operations one after another some time between 1 and 10 June.

Up to now, a total of 61 cities have been approved by the People's Bank of China to experiment with buying and selling treasury bonds.

After the opening of the treasury bond markets in the second test group of 54 cities, the treasury bonds that can be transferred are still limited to those issued in 1985 and 1986 and held by individuals.

Since the treasury bonds markets were opened on 21 April this year, there have been vigorous buying and selling of treasury bonds on the markets in the seven cities selected as the first group to experiment with such business. Both the volume of transactions and the market price of the bonds have gone up.

Judging from the price trend of the treasury bonds on the market, the rate of earnings from buying second-hand treasury bonds is generally estimated at about 15 percent. This is higher than the interest on any other kind of monetary bonds and much higher than the interest on any savings deposits. However, because many treasury-bond holders lack necessary financial knowledge, the following phenomenon has appeared on the markets in certain cities: A number of people line up to sell the treasury bonds in their possession because they need money to buy other monetary bonds. Some just put the money obtained from selling their treasury bonds into their bank accounts as savings.

It is learned that at present the treasury bond market is generally characterized by more selling than buying. As of 27 May, the 1985 and 1986 treasury bonds sold to the bond-handling agents had amounted to 217,416,000 yuan, while only 57,331,800 yuan of treasury bonds had been purchased by people. Thanks to the vigorous propaganda by the people's banks in the cities concerned, however, the gap between the volumes of selling and buying of treasury bonds has gradually narrowed during the past 10 days. Public figures of the financial circles believe that with the further expansion of the treasury bond market and the improvement of people's financial knowledge, the above-mentioned problem may be corrected.

Post Office Deposits Increase
OW2805023788 Beijing XINHUA in English
1414 GMT 27 May 88

[Text] Beijing, May (XINHUA) [dateline as received] — China's burgeoning post office deposits reached 5.45 billion yuan by the end of last April, three times more than that of the same period last year, an official from the Ministry of Posts and Telecommunications announced here today.

The new service, which started in April 1986, has been developing at a fast pace over the past two years, attracting 100 million [word indistinct] the official said

that post offices deposits are more convenient for many people in the country, especially those living in the country where few banks are located.

Stock-Selling Corporation Issues Certificate
OW0106183488 Beijing XINHUA in English
0134 GMT 1 Jun 88

[Text] Beijing, June 1 (XINHUA) — One of the country's first companies selling stocks has issued its first shareholder certificate, the "CHINA DAILY" reported today.

Based in Hainan Province, the Hainan Electronic Group Corporation has sold 10 of its shares to the Huang Hai Mei Company, a Sino-US electronics joint venture, which now will account for 10 of the 100 votes in the corporation's decision-making, the daily said.

Each share is sold for 500,000 yuan and the corporation hopes to raise 50 million yuan through its sale of stocks, the paper said.

Along with textiles and sugar, electronics is a key industry in the province, China's newest and largest special economic zone which offers what may be the most preferential terms to investors.

Zou Xun, chairman of the board of directors of the corporation, said that all inland companies showing interest in doing business with the corporation are encouraged to join it as a united group corporation is much stronger than any individual company in producing export-oriented products.

So far about 40 companies across the country are willing invest in the corporation. "All companies within the corporation will share profits and loss in proportion to investment," Zou said, "and we want to see if it will be better than those operated by government corporations."

Insurance Company To Break Monopoly
OW2805062988 Beijing XINHUA in English
0557 GMT 28 May 88

[Text] Shenzhen, May 28 (XINHUA) — China's first insurance company jointly operated by enterprises and financial institutions opened today at Shekou industrial district, Guangdong Province.

"It was set up to break the monopoly of the People's Insurance Company of China and bring competition into China's insurance services," said Ma Mingzhe, general manager of the Pingan Insurance Company.

The company, formed by the Social Insurance Company and the Shenzhen Trust and Investment Company attached to the Industrial and Commercial Bank of China, is a state-run financial undertaking with a registered capital of 30 billion renminbi yuan and 30 million Hong Kong dollars.

It adopts independent accounting practices and is solely responsible for its profits and losses.

The company has links with 300 agencies in other countries dealing with all sorts of insurance except life and motor vehicle.

Li Guixian Urges Foreign Currency Exchange Reform
OW2805013688 Beijing XINHUA in English
1226 GMT 27 May 88

[Text] Beijing, May 27 (XINHUA) — China will soon allow more foreign banks to operate in major coastal cities as part of the reforms of the current foreign currency structure, Li Guixian, [words indistinct] People's Bank of China, said today.

Speaking at a banking meeting which opened today, Li said "In order to meet the needs of China's new strategy in developing coastal cities, we should make great efforts to reform the foreign exchange system. This will improve efficiency and service and delegate more decision-making power."

China first invited foreign banks to open branches in 1985, but only in several special economic zones. Many foreign bankers have expressed strong interests in operating in other open coastal cities.

Li said that other measures to be taken will include allowing coastal cities to use their retained foreign exchange earnings to produce export commodities jointly with inland enterprises on a trial bases; giving more quotas to the coast cities for them to borrow short-term foreign exchange loans; choosing Aone or two coastal areas to allow individuals to participate in foreign exchange dealings; and giving power to banks to open foreign exchange operations and to approve the opening up of foreign [words indistinct].

Bank Chief Warns on Excess Money Supply Growth
HK2805023088 Beijing CHINA DAILY in English
28 May 88 p 2

[By staff reporter Dai Beihua]

[Text] The governor of China's central bank, Li Guixian, warned yesterday that the money supply was growing too fast.

The currency in circulation, he said, grew by 4.254 billion yuan between January 1 and May 23. This is the first time that this had happened in the first half of the year since 1961, Li said.

Pointing out the need to expand the money supply during the development of a planned market-oriented economy, "there must be a limit," Li told a banking meeting which opened yesterday.

The new governor of the People's Bank of China called on Chinese bankers to uphold monetary reforms and speed up money circulation to ease the tension of the price rises and the shortages of investment funds, goods and materials.

In the first four months, China's economy kept going up, the governor said. With an increase of 16.9 percent, China's industry—especially light industry and township industry, as well of urban collectively-run industry—has developed rapidly. Thus industrial products have been booming and the consumer market is brisk.

In addition, the economic results have gone up. The income from enterprises rose 8.1 percent in the first three months of this year and the total retail sales value increased by 23.6 percent in the first four months of this year. Imports were up 17.1 percent in the first four months compared to the same period last year while exports increased by 27.1 percent.

"While the economy is growing, the funds, goods and materials are short, the prices rising," the governor said, "and they all influence loan and cash income and expenses as well as the money supply."

The People's Bank of China, as the central bank, may make efforts to ease the tension and control the price increases, Li said.

The key to solving the problem is to follow the State's plan to grant 156 billion yuan in loans and provide 20 billion yuan in cash this year. The money will be used mainly to support production of raw materials, energy, electricity and transportation; gold mining and production; and export-oriented agricultural production.

The total money supply will be strictly controlled, but that essential to production will be guaranteed, Li said.

The turnover of the funds, more than 1,000 billion yuan in the People's Bank of China, will be speeded up to ensure the necessary money supply.

Last year, the bank launched a campaign to tap potentials in industrial and commercial enterprises. With the help of banks, the enterprises put 35 billion yuan in a circulating funds. This year, the campaign will continue, Li said.

Overdue loans and dead loans will be revitalized, the governor said. With loans of some 100 billion yuan which are now not circulated, the president called on his branches to get back 10 billion this year.

The loans for fixed assets will be strictly controlled this year. Investment in the fixed assets will be 298 billion yuan, 52 billion less than that of last year. The bank will not extend loans to projects not included in the State's planning.

The system of settling accounts will be reformed and the amount of on-the-way funds reduced. The bank will provide more services to attract more units and individuals to put their money in the bank. More ways of payment, including bills and credit cards, will be added to the bank's services.

Financial markets will be further developed. More negotiable securities will be issued. With a total of 100 billion yuan by the end of this year, the negotiable securities will make up 10 percent of the total loans extended this year.

In addition, about 46.5 billion yuan worth of bonds will be issued to make up the State deficit.

Early this year, treasury bond exchange markets were opened in seven cities, including Guangzhou, Wuhan, Chongqing, Shenyang, Harbin and Shenzhen and so far the results are good. Similar markets will be opened in another 54 cities in the next seven months

Yang Ruidai Urges Curbing Price Increases
OW2805083788 Beijing XINHUA Domestic Service
in Chinese 1814 GMT 27 May 88

[By SICHUAN RIBAO reporter Luo Ming and XINHUA reporter Ma Ping]

[Text] Chongqing, 27 May (XINHUA) — Yang Ruidai, member of the Political Bureau of the CPC Central Committee and secretary of the Sichuan Provincial CPC Committee, attended a forum held by Chongqing University and the Chongqing Civil Engineering Institute on the afternoon of 26 May. He said: We must tackle the issue of commodity price increases. Right now there really are some commodities whose prices have been arbitrarily jacked up. People have a lot of complaints about this.

He said: The arbitrary price increases have shown that our commodity economy has not been developed and that a new order has not been established in the development of commodity economy. Some people have made a lot of money by illegally buying and selling commodities. This is truly not fair. We must solve this problem by strengthening market management. He also said: Individuals whose legitimate incomes are high should pay taxes according to state regulations. We must pay full attention to improving market management.

Consumption Putting Strains on Production
OW0206121388 Beijing XINHUA in English
0705 GMT 1 Jun 88

[Text] Beijing, June 1 (XINHUA) — Overall production will be hampered if buyers keep striving to improve their standard of living too rapidly by looking for more and better consumer goods and making consumption put strains on production, today's "ECONOMIC DAILY" warned.

In a frontpage commentary the paper said, over the past few years, the national economy has improved at a rate of 10 percent annually, but citizens are spending 15 percent more every year.

"In general, consumption should be decided by production, while growth in consumption should be based on growth in production, not vice versa," the paper said.

Overheated spending is the result of short supplies and high prices, the paper said, and also because coupons are necessary to buy certain products again in many localities.

"Now the gap between purchasing power and actual supplies is too wide," the paper said, "so we need to warn people their standard of living cannot be dramatically improved over a short period."

The paper also stressed, China is a developing country where all citizens should be prepared to lead a modest life during the coming years so the country can catch up with developed countries.

Production of Meat, Poultry Increases
OW0106191588 Beijing XINHUA in English
0104 GMT 1 Jun 88

[Text] Beijing, June 1 (XINHUA) — China's production of meat and poultry was up in the first quarter this year, a survey by the Ministry of Agriculture has shown.

The output of pork increased by only one percent in the survey that incorporated 190 counties in 19 of China's 30 provinces, municipalities and autonomous regions.

Beef production, however, was up 37.5 percent and mutton, 16.6 percent while milk increased by 16.7 percent, poultry by 33.6 percent and eggs by 8.1 percent.

A ministry spokesman said a rise in the price for pork has stimulated pig raising and a pork shortage that has affected much of China for the past six months is expected to be alleviated by later this year.

Bank of China Official Discusses Raising Capital
OW0306082488 Beijing XINHUA in English
0826 GMT 2 Jun 88

[Text] Beijing, June 2 (XINHUA) — According to an official from the People's Bank of China, a sure way for Chinese enterprises to raise needed capital for development is to issue shares abroad to foreign investors.

Today's "FINANCIAL NEWS" quoted Sun Peiban, deputy director of the bank's Shenyang Branch, as saying that it is a common practice in the international community to invest directly by purchasing shares in an enterprise.

Sun believed that issuing shares to foreigners will be conducive to the revamping of China's out-dated enterprises.

Already, quite a few overseas investors have expressed intentions to buy shares issued by the Motor Vehicle Corporation, Ltd., of Shenyang.

A report on the corporation's assets and liabilities as well as its credit history will soon be published in an upcoming issue of the "FINANCIAL TIMES", added Sun.

Official Urges Trademark Protection
OW0106175688 Beijing XINHUA in English
0759 GMT 31 May 88

[Text] Beijing, May 31 (XINHUA) — A brewery in Shanxi Province has obtained the trademark rights to its "Green Bamboo" brand wine, ending a 3-year dispute over the well-known drink.

This was announced at a press conference on Monday by Li Jizhong, director of the Trademark Office of the State Administration for Industry and Commerce.

"Green Bamboo" wine has won 3 national quality product gold medals since it was first introduced 30 years ago, and has since found its way into the markets of more than 60 foreign countries and regions.

In mid-1981, the Trademark Office granted the brewery the trademark privileges to the "Green Bamboo" brand.

In the past few years, however, about 70 wineries across the country copied the brand name on the pretext that it is merely a slightly more specific way to express the concept of "Jiu", which means wine in Chinese.

As a matter of fact, the director said, "Green Bamboo" is not a specific word for "Jiu," but simply serves as the name of the wine, so it is lawful to use it as a trade mark.

In China, according to the director, trademark and patent procedures and laws have been developing rapidly in the past few years. By the end of last year, for example, over 187,000 Chinese and foreign trademarks had been registered.

Meanwhile, lots of fake trademarks and violations of related privileges have been found around the country, due in many cases to the fact that many enterprises have little knowledge of the concept of trademarks or how to go about getting one.

A recent example is Beijing's Arctic Ocean Food Factory. The factory faces losing the exclusive right to use "Wei Er Kang" as the name for a well-known drink it produces and has spent 3 million yuan on for advertising, since it did not file for a trade mark.

Now, another factory in Shanxi Province has appealed to use "Wei Er Kang" as the trademark for its own product.

Another example is the factory producing the "Zhang-guang" brand "101" hair tonic, which has won 3 top international prizes.

The factory failed to apply for a trademark and now is powerless to prevent others from using the eye-catching "101" as the name or trademark for their products.

Merging, Annexation of Businesses Start New Trend
OW0306051988 Beijing XINHUA in English
0137 GMT 2 Jun 88

[Text] Beijing, June 2 (XINHUA) — Merging and annexation, in which profit-making firms take over those in financial trouble, first appeared in China in 1984, when the country's enterprises started operating under various forms of the contract responsibility system.

China's first enterprise market just opened in Wuhan, the capital of Hubei Province, and there successful firms can take over other enterprises to expand, while firms which have been running in the red can find partners to help them out.

Earlier reports indicate 49 Wuhan enterprises have merged with 63 others through purchase, takeover and annexation, while in Baoding City, Hebei Province, 13 profitable businesses took over 14 failing firms, with the trend also common in Beijing, Shenyang and other cities.

Enterprises are being considered property which can be bought and sold at the market, local officials explained, adding this is a big breakthrough for China.

"China's enterprises can't grow as quickly as expected," a Wuhan economist said, "because their development depends on limited value added from their fixed assets, rather than through takeover or annexation."

"Only by following this new model will China's enterprises become strong enough to compete with the world's larger enterprises," he added.

Chinese economists agree, more enterprise merging has resulted from China's on-going economic restructuring, and this trend is inevitable in developing the country's commodity production.

The change will be advantageous to China's economy, they explained, especially in eliminating enterprise losses, relieving the state economic burden, in making profitable enterprises even more economically efficient, and in reorganizing product structure.

According to economists, allowing profitable enterprises to take over those suffering economically will facilitate productivity.

Some economists describe China's current enterprise mergers as a "third wave" in the country's ongoing enterprise reform. Power streamlining which allowed enterprises more decisionmaking power, a reduction of taxes and profits paid to the state, and the encouragement of cooperation between enterprises has been called the "first wave," while the "second wave" involved the separation of enterprise ownership and management, the introduction of the responsibility and leasing systems, and the improvement of the market mechanism.

More people are now realizing the positive results of enterprise merging. At a recent national training session on the transfer of enterprise property, more than 100 participants from 20 provinces and municipalities discussed theory, policy, enterprise property transfer procedures and trends in enterprise merging.

They also found out, over the past several years, more than 6,000 state-owned industrial enterprises have suffered combined annual losses of more than four billion yuan (1.1 billion U.S. dollars).

Session participants agreed, a good way to get these firms back on their feet is to try enterprise merging.

Enterprises Include Various 'New Trends'
OW2705214788 Beijing XINHUA in English
0556 GMT 26 May 88

[Text] Beijing, May 26 (XINHUA) — With the deepening of China's reforms and opening to the outside world in recent years, various new trends have emerged in China's economic activities.

These new things include individually-owned pawnshops, brokerage firms, non-governmental credit cooperatives, private lawyers' offices, and brain trust companies, today's CHINA DAILY reported.

The paper cited Cui Fengqi, a 43-year-old self-employed laborer as an example in opening an individually-owned pawnshop.

Cui opened his Maolong pawn shop recently in Mudanjiang, Heilongjiang Province. In its first three days, Cui's shop mortgaged more than 1,000 yuan (268 U.S. dollars) worth of various goods, the paper said.

He charges six percent of the price on pawned articles.

Meanwhile, the shop also tries its best to find buyers for overstocked products and redundant factory equipment.

Now, individually-owned pawnshops have also been set up in Sichuan and Hunan Provinces.

A non-governmental brain trust company in Guangzhou puts emphasis on giving advice on policy-making to enterprises and the city government.

It also gives counsel on the development for foreign trade, new technology and transfer of technology.

More than 400 professors and engineers from 20 universities and institutes are working for the company in their spare time.

The paper said that these new things still needed further development.

Real Estate Thrives, More Development Promoted
OW2705213188 Beijing XINHUA in English
0539 GMT 26 May 88

[Text] Beijing, May 26 (XINHUA) — Real estate is becoming such a thriving business in China that the country has taken new steps to promote its further development, CHINA DAILY reported today.

The China State Housing and Real Estate Development Corporation, formerly China Housing Construction Development Company, is planning to help the country build more commercial housing for market sales.

In the last two years, the company has handled about a quarter of the country's total commercial housing sold on the open market, said Zhang Yaozong, general manager of the corporation.

Since 1981, he said, the company had constructed more than 59 million square meters of housing and sold more than 400,000 flats worth 8.1 billion yuan.

With 145 branches in 135 cities around the country, the company expanded its business scope this year to include land development, urban infrastructure construction as well as residential housing, public utility works and industrial facilities, he said.

Real estate business has a great potential market in China as the state has decided to gradually introduce a new housing and land use system. This will require individual land units to pay for the housing and land they use, Zhang said.

According to Zhang, China is now opening its real estate markets to foreign investors in a bid to step up the country's urban construction through joint development of real estate projects.

The China Real Estate Development Corporation will co-operate with foreign investors in setting up joint ventures in real estate construction land deals in China, he said.

Foreign investors will enjoy the same favorable treatment as Chinese partners and their property, profit income and other legitimate rights and interests will be protected by state laws and regulations, Zhang said.

ACFTU Circular on Implementing Enterprise Law
OW0106154788 Beijing XINHUA Domestic Service
in Chinese 0718 GMT 23 May 88

[Excerpts] Beijing 23 May (XINHUA)—The All-China Federation of Trade Unions recently issued a circular urging all local trade unions to earnestly implement the Enterprise Law.

The circular said: The "PRC Law of Industrial Enterprises Owned by the Whole People," adopted by the First Session of the Seventh NPC, has been promulgated and will take effect on 1 August 1988. The "Enterprise Law" affirms, in legal terms, China's basic experience and major achievements in economic reform in recent years. It reflects the common aspiration and fundamental interests of the working class and the broad masses of people in China. Trade unions at all levels, particularly trade union organizations of enterprises, should follow the guidelines contained in the related circular of the CPC Central Committee, and organize trade union cadres and the broad masses of workers to study, popularize, consciously safeguard, and implement the "Enterprise Law."

1. The soul of the "Enterprise Law" is the separation of the ownership and management powers so that an enterprise are truly independent entities responsible for their own profits and losses, are the producers and managers of commodities, and are protected by state laws. Trade unions and workers should follow the provisions of the "Enterprise Law"; actively support and participate in the entire process of managing enterprises under contract or lease; do auxiliary work to perfect, intensify and develop the management responsibility system. [passage omitted]

2. Workers' participation in democratic management of enterprises is an important factor in the development of democratic system at grass-roots level as well as the

system of enterprise management in China. Enterprises may be managed differently and democratic management of enterprises by workers may take different forms, but the "Enterprise Law" stipulates that the powers of the workers' congress should be observed and implemented. Trade unions should continue to organize workers to examine and discuss major policy decisions of enterprises—an important job of workers' congresses, and encourage workers to become masters of their own affairs, so they will show concern for the operation and efficiency of enterprises and actively offer suggestions to revitalize them. [passage omitted]

3. Vigorously promote the system under which trade unions in enterprises, on behalf of workers, shall sign collective contracts (double-guarantee contracts) with plant directors which will define the goals to be achieved in production and management; ways to increase workers' incomes and improve working conditions and welfare; as well as the rights and obligations of managers and producers, so as to safeguard the legal interests of both and give enterprises a bigger push as well as broader support from the masses. [passage omitted]

4. Trade unions in enterprises represent and safeguard the interests of workers, and conduct its work independently according to law. No one is allowed to abolish trade union organizations, or merge them with other organizations, nor is anyone entitled to appoint or replace trade union chairman and other officers under the pretext of facilitating implementation of contract system or forming an advisory council. [passage omitted]

Trade unions in enterprises should also undergo reform, gradually straighten out the relationship between party and administrative functions, promote democracy within trade unions, and strive to gain more popular support for trade union organizations. Leading organs of trade unions at all levels should lay stress on revitalizing grassroots trade unions, reform organizational and cadres systems accordingly, and adopt different methods of work and activities.

Auditing Bureaus in State Organs Approved
OW2705050788 Beijing XINHUA Domestic Service
in Chinese 0824 GMT 26 May 88

[Text] Beijing, 26 May (XINHUA) — The State Council recently approved an Auditing Administration request to set up auditing bureaus in the State Planning Commission; the State Education Commission; the Ministry of Energy; the Ministry of Metallurgical Industry; the Ministry of Chemical Industry; the Ministry of Machine Building and Electronics; the Ministry of Aviation and Astronautics; the Ministry of Textile Industry; the Ministry of Light Industry; the Ministry of Railways; the Ministry of Communications; the Ministry of Posts and Telecommunications; the Ministry of Supplies; the Ministry of Construction; the Ministry of Geology and Mineral Resources; the Ministry of Commerce; the Ministry of Economic Affairs and Trade; the Ministry of

Agriculture; the Ministry of Forestry; the Ministry of Water Conservancy; the Ministry of Foreign Affairs; the Ministry of Culture; the Ministry of Public Health; the Ministry of Radio, Film, and Television; the State Physical Culture and Sports Commission; the General Administration of Customs; the Civil Aviation Administration of China; the National Tourist Administration; and the Chinese Academy of Sciences.

The State Council's written reply to the Auditing Administration states that the auditing bureaus will be under the dual leadership of the Auditing Administration and the state organs where they are stationed, but the Auditing Administration will be the principal leading organ. The Auditing Administration is responsible for the auditing work of other departments under the State Council as well as financial and insurance organizations. The Auditing Administration is also responsible for guiding the internal auditing work of other departments concerned as well as large and medium-size enterprises and institutions.

Some Technicians Hold Second Job
OW2805014088 Beijing XINHUA in English
0828 GMT 27 May 88

[Text] Beijing, May 27 (XINHUA) — One in eight of China's technician workforce has a second job, a survey by the State Science and Technology Commission has found.

The survey, carried out the end of last year and reported in today's "PEOPLE'S DAILY", determined that 1.39 million technicians are engaged in extra work.

Some are working in their leisure time but most take on the extra jobs as a secondary occupation. For about 90,000, the extra job is in factories run by villages or townships.

Every one yuan paid for their services has an estimated social output value of 100 yuan.

The survey showed that the proportion of workers holding part-time jobs was higher in economically underdeveloped regions than in developed parts and central offices. The proportion was also higher for retired technicians than those regularly employed;

The average part-time job takes up 0.43 hours a week, the survey found.

State Statistics on Movement of Rural Manpower
OW0106174188 Beijing XINHUA Domestic Service
in Chinese 0036 GMT 27 May 88

[Text] Beijing, 27 May (XINHUA)—Recent statistics released by the State Statistical Bureau show that a fairly large amount of manpower in rural areas still needs to be transferred and that making proper arrangements for these people is a long-term, arduous task.

The State Statistical Bureau's investigation shows that a large amount of rural manpower has moved toward the secondary and the tertiary industries in rural areas that have emerged as rural reform progresses in depth. The number of workers engaged in the secondary and the tertiary industries rose from 31.5 million in 1978 to 81.3 million in 1987, an increase of almost 50 million people in 9 years, and nearly doubling the total number of transfers in the 30 years prior to 1978. However, the amount of rural manpower in China as a result of natural growth is still greater than the number of transfers to nonagricultural sectors. In the past 9 years, rural manpower increased by more than 83 million people, whereas only some 70 million people were transferred to forestry, animal husbandry, sideline production, fisheries, and secondary and tertiary industries, accounting for 84 percent of the increase in rural manpower. A large amount of rural manpower is still idling in crop farming departments.

The State Statistical Bureau's statistics also note that surplus labor in rural areas will create a greater pressure in the next 10 years. As estimated by the Third National Census in 1982, rural manpower resources will exceed 540 million by the year 2000. Basing our forecast on the increase in agricultural labor productivity and the average farmland managed by each agricultural worker by the end of this century, only 160 million people are needed in farming by the year 2000. Since there will be close to 300 million manpower in rural areas, an average of 22.5 million will have to find jobs in nonagricultural sectors each year. If the average annual transfers remained at the 1978-87 level of 8 million people, then China's rural areas will have nearly 200 million surplus labor by the year 2000.

Changes in Rural Enterprises in China
OW2705045988 Beijing XINHUA Domestic Service
in Chinese 0033 GMT 25 May 88

[By reporter Chen Baoshan]

[Excerpts] Hefei, 25 May (XINHUA) — At the national symposium held recently in Digang Township in Anhui Province on the economic development of village and township enterprises, the representatives from the developed coastal areas in China pointed out: Some village and township enterprises are "changing in three different ways." Their products are becoming export-oriented instead of being oriented to the domestic market. People who are good in developing a commodity economy have become factory directors instead of veteran cadres. The geographical distribution of the enterprises has become relatively rational and centralized, instead of irrational and scattered.

After working hard to manage their business for a decade, the village and township enterprises in Jiangsu, Zhejiang, Shanghai, Guangdong, Fujian, Shandong Peninsula and other localities in China's coastal areas have accumulated considerably abundant funds. Enterprises

with fairly favorable conditions have taken the lead to enter the world market. According to statistics, less than 1,300 village and township enterprises in 13 coastal provinces and cities were turning out export-oriented products before 1980. The number of such enterprises rose to 11,000 in 1986 with a total income from their export businesses including labor services reaching US \$4.5 billion, 16 percent of the nation's total export volume. [passage omitted]

The "changes in three different ways" in village and township enterprises in the developed coastal areas in the country have aroused people's attention. Some representatives from central and western parts of China also said: The village and township enterprises in central and western parts of China should also learn from the experiences of their counterparts in China's developed coastal areas to quicken their pace in invigorating the economy.

Experiments in Rural Reform Continue
OW0206120088 Beijing XINHUA in English
0710 GMT 1 Jun 88

[Text] Beijing, June 1 (XINHUA) — Despite much progress in China's rural reform in the past ten years, the old system is still there as the basis of rural economy in many aspects, today's "CHINA DAILY" reported.

The development of reform is running into many problems innate in the old system. To issue a few documents and policies seems too weak an effort to solve these problems.

More radical changes are needed. Naturally, such changes must first be tested on a small scale.

Last year, the government decided to establish a number of rural reform experimental areas in the country. This was a bid to search for the best tactics and provide top policy-makers with solid ground for the making of systematic policies and rules to guide the rural economy nationwide.

The paper said that the eight subjects for the experiment in rural reform include: the land system, the system of township enterprises, state purchase of grain, financial management in rural areas and state-owned farms and forests.

Farmland is the number one resource in rural areas in China. The land system must be stable.

When the contract system was introduced ten years ago, farmers contracted land fairly according to the number of persons in a household.

No doubt, the contract system has spurred great enthusiasm from farmers. But the system has its drawbacks too.

Land is cut into plots too small for effective use of farm machines and advanced farming methods. Farmers still cannot rest assured that the land system will still remain stable for a long time.

And many tend to care about the short-term interest, investing little in the land.

The mobility of rural labor force results in household with too much or too little land.

In more developed areas, such as southern Jiangsu Province, where 60 percent of the rural labor force has shifted to township industries, experiments have been carried out to concentrate farmland.

Some households put their contracted land together and turn it to a few or one household with sufficient rural laborers. The latter supply the former with grain for their own consumption.

In Fuyang Prefecture of Anhui Province, township enterprises were classified into eight categories, including joint ventures, independent enterprises, contracted enterprises and share enterprises.

The enterprises may choose any of the forms, each with its own specific management regulations.

Labor companies were set up to organize labor distribution among enterprises. Experiment also has been carried out to boost industry via the development of local commercial activities.

Guanghan County of Sichuan Province has experimented in financial reform. Specialized banks there are given greater autonomy.

The setting up and running of these experimental areas has followed several principles, which include:

Detailed investigations should be made into local economic and natural conditions so as to decide what is the most suitable experimental subject for the area.

In the experiment, stress should be laid on the systematization and legalization of new policies and methods. The first step of the experiment should be to remove the obstacles posed by the existing systems.

Before the experiment begins, training courses should be held to inform local officials and people involved of the significance and important matters of the experiments.

There should be exchange of experiences between different experimental areas.

State Introduces Schemes To Help Farmers
OW0106153788 Beijing XINHUA in English
1424 GMT 30 May 88

[Text] Beijing, May 30 (XINHUA) — Higher prices for agricultural production materials have made farmers less enthusiastic about growing grain.

To fight the problem, the state has introduced a series of preferential policies to encourage farmers to plant grain which include raising the grain purchase price and stabilizing farm material prices.

A recent survey in rural Hubei Province revealed some of the financial problems farmers face, and was also one motivation behind the new policies.

Applying 105 kilograms of plastic film on 1 hectare of farmland will raise per hectare grain yield by 1,500 kilograms, but will cost farmers 150 yuan (41.00 U.S. dollars).

The market price of a ton of urea can be as high as 540 yuan (146 U.S. dollars), but farmers in Hubei, Fujian, Zhejiang, and Shandong Provinces sometimes have to pay up to 1,000 yuan (270 U.S. dollars) a ton.

For 1,000 liters of diesel fuel, farmers have to pay 1,800 yuan (487 U.S. dollars), which is 3 times the market price, and state allocations meet only one-fifth of the demand.

One farmer in Fujian's Yangxian County used to plant 43 hectares in grain, but last year lost 1,000 yuan (270 U.S. dollars) by selling 30,000 kilograms to the state because of high production material costs, so this year cut back the area allocated to grain crops.

Land Used for Nonagricultural Purposes Checked
OW0306051788 Beijing XINHUA in English
0740 GMT 2 Jun 88

[Text] Beijing, June 2 (XINHUA) — During the past year, China has made a systematic check of all land being used for non-agricultural purposes, today's "PEOPLE'S DAILY" reported.

As the world's most populous country which has only 0.1 hectare of farmland per person, the paper said, China has been seeing too much of the country's arable land being used for non-farming purposes during the past few decades.

According to the paper, between 1980 and 1985, land under cultivation was cut at a rate of 460,000 hectares a year, and as of 1985 more than 1.5 million hectares were occupied by non-agricultural projects.

In 1987, thanks to the state checking up on illegal land use, less than 200,000 hectares were being used for non-farming projects, the paper said.

Unfortunately, governments in over 20 percent of China's cities and prefectures and 30 percent of the country's counties have still not set up offices to deal with the illegal use of farmland, the paper said.

Shenzhen's Yantian To Develop Deep Water Harbor
HK2405111288 Hong Kong WEN WEI PO in Chinese
16 May 88 p 1

[Report: "Shenzhen's Yantian To Be Built Into a Large Scale Harbor"]

[Text] A large scale program to build Shenzhen's Yantian into a large scale harbor in Southeast Asia is being implemented. Accompanied by Li Hao, Mayor of Shenzhen, and Zhu Yuening, vice mayor of Shenzhen, Xu Jiatun, Director of the Hong Kong Branch of the XINHUA NEWS AGENCY, specially went to Yantian on 15 May to learn about the program and the construction situation.

Xu Jiatun, Li Hao and others walked along the coast to the beach and looked into the calm and tranquil Da Peng Bay at a distance. Three sides of this place are surrounded by hills, the depth of the water here is about 9 to 12 meters, and the sea-lane is about 17 to 22 meters. This is a good natural harbor with excellent conditions. At present, the first phase of the construction program of Yantian is being implemented. Three berths where ships above ten thousand tons can stay will be built, and the annual volume of freight this harbor can handle will be 2.8 million tons. According to the overall construction program of the Yantian harbor, 56 berths where ships over ten thousand tons can stay will be built along the 10 km coastal line, and the annual volume of freight to be handled by this harbor will be more than 55 million tons. It will then become a large deep water harbor in the Southeast Asian region. In such a way, a large scale harbor region with Hong Kong as the center and including Kwai Chung, Yantian, Shekou, and Chiwan can be formed.

Li Hao explained to Xu Jiatun that the building of the Yantian harbor by Shenzhen will not harm Hong Kong. On the contrary, Hong Kong and Shenzhen can cooperate with and promote each other. At present, a number of Hong Kong and foreign investors have already expressed their interest in investing in this program, and asked to take part in the development program.

Xu Jiatun indicated that he will act as a go-between in Hong Kong for the project of building the Yantian harbor. He hopes that Mayor Li Hao can supply him with related information as soon as possible. Xu Jiatun said that Yantian harbor should be built into a spectacular one, instead of on a small scale. The layout of the harbor and the transferring of ships from one berth to another in the water must be looked at in a different way. It can adopt the modern computer management means used by Hong Kong's Kwai Chung container terminal.

In discussing questions concerning joint ventures with foreign investors, Xu Jiatun thinks that China should boldly allow foreign investors to make a profit. In conducting businesses, capitalists will stress the principle of "making big profits with a small capital," and some capitalists even stress the principle of "making big profits with no capital." According to China's traditional concepts, these are speculation and profiteering principles. We should learn these principles from capitalists, and we should start learning now.

Chang Jiang Gorges Project Study Nears Completion
OW2805201188 Beijing XINHUA in English
0616 GMT 27 May 88

[Text] Beijing, May 27 (XINHUA) — A feasibility study on the Yangtze River Three-Gorges Project, one of the world's biggest hydroelectric development schemes, is expected to be completed this year, Lu Yuomei, deputy head of the leading group dealing with the feasibility study, said today.

More than 400 scientists and specialists have been involved in the study which began in June 1986.

Fourteen reports have been submitted to the leading group outlining the project and problems that may occur and ways to solve them.

Lu said of the 14 reports 12 have been approved and include reports on geology, earthquake, hydrology, electric machines and equipment, key constructions, construction, key investment evaluation, immigration, ecology and environment, sands, flood-proof, electricity generation, and navigation.

However, the two major reports, dealing with a comprehensive plan and water level, and a comprehensive evaluation on the economic value of the project still await the group's approval.

When completed the study will be sent to the State Council, China's Central Government, for final approval.

The 12-member leading group has 12 advisors and set up 14 special groups involving 412 specialists and scientists from 40 specialities, mostly from the Chinese Academy of Sciences.

Lu said great care has gone into the study of the project, China's biggest water resources development undertaking.

China has asked the World Bank to sponsor a special guidance committee of China, Canada, and the World Bank in connection with the project.

The committee has invited some well-known specialists from China and other countries to join an international group of specialists.

Now a consultative group made up of five Canadian Government organs and private companies is working on the feasibility of the project under the guidance of the guidance committee and the international group of specialists.

The Canadian specialists will submit their feasibility report by the end of this September.

The Chinese Government started its survey and research on the three-gorges project in 1949, the founding of the People's Republic of China. The work has been strengthened since 1954 when a flood occurred on the river.

Uranium-Bearing Coal Mine Successfully Exploited
HK0206075888 Beijing ZHONGGUO XINWEN SHE
in Chinese 0601 GMT 1 Jun 88

[Text] Beijing, 1 Jun (ZHONGGUO XINWEN SHE)—China's nuclear industrial and mining system has successfully exploited its first uranium-bearing brown coal mine. It has also conducted smelting operation on the spot, thus creating a new technology combining mining and smelting.

The uranium-bearing coal mine is on the west of Tianshan, Xinjiang autonomous region. The exploitation, which was started during the mid-1960's, is now completed, and the mine has been closed. A considerable quantity of uranium-bearing coal has been extracted. The grade of reserves reached 0.15 percent, and the uranium recovery rate was 93 percent.

The geological conditions of this mining area are very complicated. When the work was going on, there was no available foreign experience to use for reference. There was often the danger of being submerged by water or being blocked by flames. After overcoming many difficulties, the engineers and technicians created some unique mining methods, such as the "inclined slicing method" and "advance and retreat method." They also worked out a series of safety measures.

Breakthrough in Grain Biological Engineering Noted
HK0306130188 Beijing CEI Database
in English 3 Jun 88

[China Economic Information (CEI) Database]

[Text] Nanjing (CEI)—Nanjing Agricultural University in Jiangsu Province has made use of long-grained nonglutinous rice protoplasm to cultivate 30 regenerated green plants.

This is another breakthrough in the grain biological engineering research in China.

The long-grained nonglutinous rice is planted in large areas in China and the world. To make use of the cell genetic engineering to improve the quality of the long-grained nonglutinous rice a major subject of research in the world.

The success in the cultivation of the long-grained nonglutinous rice protoplasm quickens the process of improving the rice by means of biological engineering and has practical importance for developing the technique of cultivating other long-grained nonglutinous grain protoplasms.

Mayors Discuss Aims To Develop Tourism
OW2705131388 Beijing XINHUA in English
0118 GMT 27 May 88

[Text] Beijing, May 27 (XINHUA) — The Mayors of Xian, Guilin, Suzhou and Hangzhou and experts in city planning, restaurant management and tourism have discussed how to further the reform and enliven tourism, "CHINA DAILY" reported today.

Last year the four cities received 1.33 million tourists from abroad.

The four cities raised the plea that they should be accorded the status of "special" tourist cities which would mean they could act like special economic zones, deal with their clients — tourist groups or agencies in foreign countries directly, and take orders from tourists under 50,000 U.S. dollars. In other words, they want more direct dealings.

These cities are now planning to open up more scenic spots, build more museums and improve public utilities.

But the cities are not at all satisfied with what they have achieved. The mayor of Xian said that only five percent of historic sites and tourist attractions has been opened to the public. Most are still underground in Xian, which served as the capital of 12 dynasties for 1,200 years containing the burial grounds of 73 emperors, only the famous terra cotta warriors and horses are open — but they are only one of the six vaults near the mausoleum of the first Qin emperor.

Guilin, which received over 500,000 tourists from abroad, complained of an inadequate airline service, restricting the flow of visitors. On the other hand, the city has more than enough hotels. Suzhou's famous gardens are so overcrowded that the beauty of private gardens — the tranquillity — is totally lost. Suzhou is eager for expansion so as to restore the "small bridge, flowing creek and cottage" atmosphere, described in Chinese poetry.

The experts on tourism put forward the idea that tourism is not only a trade to bring in earnings but by the next century will be the most important industry second only to petroleum. Therefore the idea that tourism is only a

means of enhancing friendship is inadequate. It should be viewed as part of the commodity economy now in vogue in China. Tourism should promote foreign trade or more accurately be seen as a trade itself to earn foreign currency without going through customs.

Ministry Plans To Strengthen Railway Security
OW0206123388 Beijing XINHUA in English
1241 GMT 1 Jun 88

[Text] Beijing, June 1 (XINHUA) — Railway safety and security will be strengthened in China, an official from the Ministry of Railways said today at a national meeting in Beijing on railway security.

The official noted that this year has been marred by several disastrous accidents that have drawn wide attention at home and abroad.

Recently, he said, China's Premier Li Peng told concerned departments to put security first on the railways, which carry 70.2 percent of the country's goods and 60 percent of all travellers.

The Ministry of Railways intends to introduce advanced technology to streamline operations. It will also stress worker discipline and better job performance.

The ministry has set aside funds to modernize communication facilities, replace 10,000 kilometers of outdated rail lines and develop new infrared thermo-measuring installations for the rails.

At the same time, the official said, the ministry will accelerate renovations to 16,000 kilometers of long main lines, and extend multiple lines and electrified lines to enlarge the capacity of the railways.

Visiting Scholars Boost Education
OW2805011788 Beijing XINHUA in English
0934 GMT 27 May 88

[Text] Beijing, May 27 (XINHUA) — A policy to encourage major universities to turn out visiting scholars is helping ease the chronic shortage of lecturers in higher-learning institutions, "GUANGMING DAILY" reported today.

Over the past three years, 87 major universities and colleges have trained 456 visiting scholars who have created important scientific results and issued academic papers after returning to their working units, the paper said.

This year the universities and colleges plan to train 1,000 visiting scholars.

The paper noted that the rapid expansion of higher-learning institutions has meant there has not been enough qualified lecturers to go around. There has also been a lack of experts to teach some newly-developed subjects.

Three years ago the State Education Commission set out its policy to urge more training of visiting scholars.

A visiting scholar said the policy has given colleges and universities with few professors and poor equipment a chance to refresh their knowledge and enliven academic exchanges as well as save the state money.

Beijing Celebrates Children's Day
OW0206061588 Beijing XINHUA in English
0935 GMT 1 Jun 88

[Text] Beijing, June 1 (XINHUA) — About 25,000 Beijing children, together with their parents and teachers, gathered in Beijing's children's palace to celebrate International Children's Day.

The children enjoyed theatrical, athletic, acrobatic and motorcycle performances. Various electronic games were also provided for their enjoyment.

Li Xiannian, chairman of the National Committee of the Chinese People's Political Consultative Conference attended the gathering.

Today, another 10,700 children and their teachers were invited to visit Zhongnanhai (headquarters of the Chinese Communist Party Committee and State Council), the residence of late honorary State Chairman Soong Ching Ling, and the Tiananmen Rostrum.

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East Region

Fu Xishou Appointed Anhui Vice Governor
OW0206190488 Hefei ANHUI RIBAO in Chinese
1 May 88 p 1

[Excerpts] The third meeting of the seventh provincial People's Congress Standing Committee ended on the afternoon of 30 April. Su Hua, chairman of the provincial People's Congress Standing Committee chaired the meeting.

After serious consideration, the meeting approved appointments and removals by vote. Fu Xishou was appointed vice governor.

The meeting adopted a resolution on an "Outline of the Strategy for the Economic and Social Development of Anhui Province" and approved the province's 1987 final accounts. [passage omitted]

Wang Guangyu, chairman of the provincial People's Congress Standing Committee, addressed the meeting before its conclusion. [passage omitted] He stressed: Now vigorous efforts should be made at agricultural production. While doing a good job in grain production, we should energetically develop a diversified economy. [passage omitted] Industrial enterprises should strengthen their management to improve their economic results. He also emphasized: It is necessary to maintain and develop the political situation of stability and unity. Leading bodies at various levels should work hard in unison so that our province will make progress every day in carrying out reforms and economic construction and in opening to the outside world.

Zheng Rui, Ying Yiquan, Kang Zhijie, Du Weiyou, Chen Tingyuan, Chen Tianren, and Huang Yu, vice chairmen of the provincial People's Congress Standing Committee, attended the meeting. Present as observers were Shao Ming, vice governor; Wang Chengle, president of the provincial Higher People's Court; and Feng Jianhua, procurator general of the provincial People's Procuratorate.

Anhui's 1987 Final Accounts Approved
OW0106155288 Hefei ANHUI RIBAO
in Chinese 1 May 88 P 1

["Resolution Approving Anhui's 1987 Final Accounts Adopted on 30 April 1988 at the Third Session of the Seventh Provincial People's Congress Standing Committee"]

[Text] Authorized by the First Session of the Seventh Anhui Provincial People's Congress, the third session of the Standing Committee of the provincial People's Congress has heard, examined, and discussed the "Report on the 1987 Final Accounts of Anhui Province and the Implementation of Its 1988 Budget in the First Quarter of the Year," submitted by Yang Lianzhu, director of the

provincial Department of Finance, as delegated by the provincial people's government. The session has decided to approve the 1987 financial accounts of Anhui Province.

Foreign Investment in Fujian Increases
HK0206113588 Beijing CEI Database in English
1 Jun 88

[China Economic Information (CEI) Database]

[Text] Fuzhou (CEI)—Fujian Province approved 127 foreign-funded projects in the first quarter of this year, accounting for 59.1 percent of the total approved last year. They include 82 joint ventures, 14 exclusively foreign owned enterprises, and 31 Chinese and foreign cooperative enterprises.

The first quarter also saw the influx of 208 million dollars of foreign capitals, registering a 180-percent increase over the same period last year.

The characteristics of the foreign investment in Fujian early this year are:

—A big increase in direct foreign investment. The number of joint ventures, cooperative enterprises, and exclusively foreign-owned enterprises approved in the first quarter was 280 percent, 390 percent, and 470 percent, respectively, more than the same period last year.

—An increase in compensation trade. In the first quarter of this year, the province signed 18 contracts of compensation trade, 27.7 percent more than the same period last year. These contracts involve a total investment of 7.384 million dollars, 84.5 percent more than the same period last year.

The production conditions in foreign-invested enterprises in Fujian were further improved in the first quarter. Output value of these enterprises reached 785 million yuan, an increase of 120 percent over the same period last year. This also represents 14.9 percent of the total output value of the province.

Fujian Regulates Management in Foreign Companies
HK0206114588 Beijing CEI Database in English
1 Jun 88

[China Economic Information (CEI) Database]

[Text] Fuzhou (CEI)—Quanzhou City of Fujian Province has recently made new regulations concerning personnel management in foreign invested enterprises. they are:

—Foreign-invested enterprises may hire their own employees;

—These enterprises have the right to choose technicians and skilled workers;

—Spare personnel in state organizations, scientific institutions, colleges and enterprises are encouraged to work in foreign-invested enterprises in the form of part-time jobs, on loan or preserving post without pay. Their wages and other benefits in their original units will remain basically unchanged;

—No organizations or departments may transfer the Chinese personnel working in foreign-invested enterprises without approval from the board of directors. The foreign-invested enterprises may fire employees and decide wage standards and reward systems.

Fujian City To Expand Telecommunications
OW0306043788 Beijing XINHUA in English
1416 GMT 1 Jun 88

[Text] Xiamen, June 1 (XINHUA) — Xiamen, a major city of southern Fujian Province and one of China's four special economic zones, is expanding its telecommunications facilities to help relieve a chronic telephone shortage.

The city is building a 1,300-square-meter building to house a 20,000-line advanced digital program control telephone system imported from Japan.

The city already has a 10,000-line advanced digital system in place, the first installed in China.

An additional program control system with a capacity of 2,500 lines was put in last year.

But the system is still saturated, a city official in charge of posts and telecommunications said today.

Fujian's Governor Addresses Education Meeting
OW0206093688 Beijing XINHUA Domestic Service
in Chinese 1704 GMT 31 May 88

[By reporter Cai Qinghe]

[Excerpts] Fuzhou, 31 May (XINHUA) — The Fujian provincial government has decided to strengthen basic education and strive to do more work in the real interests of primary and middle schools. In this regard, Governor Wang Zhaoguo put forth 13 specific measures at today's provincial work meeting on rural education. [passage omitted]

Regarding the questions the vast numbers of faculty members are concerned about, Wang Zhaoguo particularly emphasized the need to take immediate action and put into practice as early as possible the 10 percent pay raise for primary and middle school teachers as stipulated by the State Council, to expedite the work of appointing primary and middle school teachers, and to adjust the teachers' wages according to their work posts as previously promised. Moreover, he encouraged the government at all levels and the units running schools to improve the welfare and remuneration for the faculty

members in line with their financial capabilities. Positive efforts, he said, should be made to solve the housing problem for primary and middle school teachers. Staff members and workers in factories, enterprises, and government offices whose spouses are teachers should be given priority over others in the distribution of housing, provided all other conditions are the same. [passage omitted]

In view of the present problem that a large number of children cannot go to school, Wang Zhaoguo pointed out that it is necessary to truly protect the school-age children's right to education and to prohibit any unit or individual from recruiting those children who should receive compulsory education as child workers.

Fujian's Chen Guangyi Directs Flood Relief Work
OW0106051088 Beijing XINHUA Domestic Service
in Chinese 0721 GMT 28 May 88

[By reporter Shi Zhengyao and correspondents Li Jialin and Yue Kexian]

[Text] Fuzhou, 28 May (XINHUA) — A disastrous rainstorm ravaged the northern and eastern parts of Fujian from 20 to 22 May. The province immediately organized tens of thousands of soldiers and people led by leading cadres at all levels to rush to disaster areas to provide relief. In addition to making arrangements for the placement of flood victims, departments concerned in all places have also organized the masses to restore production and rebuild their homes.

This catastrophic rainstorm caused 87 rivers to rise suddenly, with torrents of water rushing down the mountain and landslides. In some places there were mud-rock flows. Initial statistics show 137 townships and towns were hit seriously by this natural calamity, with 670,000 stricken households and 2.88 million afflicted people. More than 100,000 people were marooned by floods; 91 people were killed; one person was missing; over 650 people were injured. More than 60,700 houses, including those owned by local people, classrooms, hospitals and public health centers, collapsed. Crops on more than 5 million mu were affected. The rainstorm also burst water conservancy projects on 5,937 sites, 2,560 dikes, and 75 large and small bridges and caused highways to cave in at 3,908 sites and 94 power stations to report power outages.

After the condition of the calamity was reported, the Fujian provincial party committee and government immediately issued an emergency circular and made specific plans for combating the flooding and providing disaster relief. The provincial party and government leading cadres put aside the work on hand to join relief work. Provincial Party Secretary Chen Guangyi, who was in Sanming City at the time, immediately studied and drew up a plan with local leading cadres together to strengthen flood control and fight natural adversity ideologically, organizationally and materially. Governor

Wang Zhaoguo also led a relief work team on 22 May to head directly for the most seriously afflicted Jianyang Prefecture. In fighting the floods, cadres, masses, and the PLA in particular in all places have displayed a heroic and tenacious fighting spirit. More than 100 commanders and fighters of Jianyang Military Subdistrict, carried in 18 vehicles, 5 boats, and 18 bamboo rafts, saved over 1,200 people from being marooned by floods and salvaged equipment worth over 3 million yuan on the same day they were dispatched. Chongan County also organized nearly 3,000 people to strive hard to save over 1,900 people from being marooned by floods. They also saved 2,000 cubic meters of timber, 510 electrical appliances, over 100,000 kg of grain and more than 20 metric tons of chemical fertilizer.

After the floods receded, departments concerned in all places immediately transported relief materials into disaster areas. In Jiangyang County, over 700 staffers and workers of finance and trade departments used 20 motor vehicles to deliver 140 metric tons of salt, rice, dried vegetables, kerosene, matches, and chemical fertilizer to disaster areas. This county's civil affairs departments also delivered 110 cotton quilts and over 50 cotton garments to the victims' homes. Cities and counties in Jianyang Prefecture dispatched 223 medical teams composed of more than 300 people to take care of the sick and injured in disaster areas. For the placement of flood victims in all disaster areas, kinsmen and neighbors help put up simply-equipped dwelling quarters. Workers are rushing to repair some damaged highways and communications and power facilities. In areas where the condition of the disaster is not serious, peasants are being organized to clean and straighten up the seedlings, rush to repair water conservancy projects and washed-out highways, restore production, and rebuild their homes.

Jiangxi Issues Circular on Productive Forces

OW0106154988 Nanchang Jiangxi Provincial Service
in Mandarin 1000 GMT 28 May 88

[Excerpt] The Jiangxi Provincial CPC Committee issued a circular yesterday calling for extensive study and discussion of the criterion of productive forces across the province. The circular notes: The criterion of productive forces is one of the fundamental tenets of Marxism and major contents of the documents of the 13th CPC Congress. The study and discussion of the criterion of productive forces are a continuation and strengthening of the discussion of the criterion for truth that began 10 years ago. At present, it represents an important step in developing the theory of the initial stage of socialism and an education on the party's basic line, and in intensifying the studies of the documents of the 13th CPC Congress. It is also an important measure for further emancipating the mind, accelerating reforms and the pace of construction, and developing a socialist commodity economy.

Through the study and discussion of the criterion of productive forces, we should further emancipate our minds, initiate new thinking, readjust our mentality, and

make the decision whether it helps expand productive forces the starting point in our consideration of all problems and the fundamental criterion in judging all our work. We should boldly pursue whatever is conducive to the development of productive forces and resolutely implement any likewise reform measures. We should abolish any concept, management systems, rules, and regulations that inhibit the development of productive forces.

The circular points out: The study and discussion of the criterion of productive forces should focus on further emancipating the mind and liberating the productive forces. Under this general requirement, we should, while taking into consideration the actual situation of our province, place emphasis on the following tasks:

1. Understand correctly the criterion of productive forces and promote emancipation of the mind and change of concepts. We should gain a clear idea as to what is the criterion of productive forces and why should we make it our starting point in considering all problems and the fundamental criterion in judging all our work. We should eradicate the view point of historical idealism that deviates from the criterion of productive forces and approaches socialism with abstract ideas and wishful thinking, and draw, once and for all, a clear distinction between scientific socialism and wishful thinking of various kinds, and thereby making the development of productive forces the fundamental criterion in judging everything.
2. Strengthen our understanding of the province's situation. Realistically lay down the objectives of and measures for the economic and social development of the province, prefectures, cities, and counties.
3. Enhance a sense of urgency and a awareness of reforms and opening up, and let reform play a predominant role in all our work to accelerate the pace of reform and opening up.
4. Enhance the sense of a commodity economy, earnestly develop a socialist commodity economy, and draw on and employ any efficient style of operation or management system that has proved effective and is conducive to development of a socialist commodity economy and productive forces.
5. Fully realize the importance of science and technology and education. Put the economic construction on a path that relies on scientific and technological progress and the raising of the quality of workers.
6. Understand correctly the relationship between the criterion of making the ranks of cadres more revolutionary, younger in average age, better educated, and more professionally competent and that of productive forces, and establish a correct concept regarding the use of personnel. We should proceed from the needs of developing productive forces in our efforts to broaden and

diversify the channels for capable personnel to emerge and prove themselves, and, eventually, create a good environment which both cultivates talents and give them full play. [passage omitted]

Jiangxi Governor Fetes Foreign Envoys
OW0306051488 Nanchang JIANGXI RIBAO
in Chinese 20 May 88, p 1

[By reporter Zhuo Fan]

[Excerpts] Foreign envoys representing 31 countries in China and their wives, the chief of the Palestinian Office [as published] in Beijing, and the representative of the United Nations Food and Agriculture Organization in Beijing, 52 people in all, arrived in Nanchang on the morning of 19 May in the company of Zhou Nan, vice foreign minister, and his wife. They came for a week-long tour of our province. [passage omitted]

They were greeted at the airport by Vice Governor Jiang Zhuping and others. [passage omitted]

On the same evening, Wu Guanzheng, governor of Jiangxi Province, met the foreign envoys and their wives at the Jiangxi Huiguan Assembly Hall. He extended warm welcome to the visitors on behalf of the Jiangxi provincial people's government. He said: I believe the tour will enable the visiting envoys and their wives to get better acquainted with the situation in Jiangxi. Your visit will also be conducive to developing exchange and cooperation between us and your countries in the economic and cultural spheres and to promoting our friendship with the peoples of various countries in the world.

Wu Guanzheng briefed the guests on the economic development in our province in recent years and the policies and measures Jiangxi will adopt in accordance with the development strategy for the coastal areas. He also talked about the application of the law of value in developing the economy.

Wu Guanzheng said: we welcome any constructive suggestions you may have about our work. You are welcome in particular to make your entrepreneurs invest in Jiangxi. We will cooperate by making our rich resources available to them, a good investment environment, and giving them preferential treatment.

After the meeting, Governor Wu Guanzheng and his wife hosted a banquet in honor of the visiting guests. [passage omitted]

Qingdao To Improve Foreign Enterprise Management
HK0206113188 Beijing CEI Database in English
1 Jun 88

[China Economic Information (CEI) Database]

[Text] Qingdao (CEI)—The municipality of Qingdao has recently decided to give foreign-funded enterprises more authority on salary structure, labor insurance, and personnel.

Production plans will be decided solely by the board of directors, who is to report to departments concerned for the record.

The foreign-invested enterprises can recruit workers, interview applicants for jobs, or choose qualified people through tests. Recruiting formalities will be handled by labor departments at municipal, county, or district levels.

Workers with particular skills that could not be found in Qingdao can be recruited from other places.

The level of salaries and bonuses will be set by the board of directors.

Chinese employees of foreign-invested enterprises are requested to participate in the overall social program of retirement payments. They may enjoy unemployment benefits, and other welfare stipulated by the state.

The department concerned in Qingdao has also stipulated that foreign investors may accept their children and relatives in China in their enterprises.

Foreign Enterprises in Shanghai Increase Output
HK0206113988 Beijing CEI Database
in English 1 Jun 88

[China Economic Information (CEI) Database]

[Text] Shanghai (CEI)—The 165 foreign-funded enterprises in Shanghai registered a total output value of 569.47 million yuan in the first quarter of this year.

This represents an increase of 16 percent over the same period last year, according to the Shanghai Foreign Economic and Relations Commission.

Of these enterprises, 126 had a foreign exchange surplus of 12.95 million U.S. dollars in the first three month this year, while they ran a deficit in the same period last year.

Shanghai has approved a total of 319 foreign-funded enterprises up to April this year, of which 228 were joint-ventures, 88 cooperatives and three solely foreign owned.

Shanghai Mayor Attends Mobilization Meeting
OW0106051788 Shanghai City Service in Mandarin
2200 GMT 25 May 88

[Excerpts] The Shanghai municipal party committee and government held a mobilization meeting on increasing production, practicing economy, increasing income, and curtailing expenses at the Shanghai Stadium yesterday afternoon. The meeting called on the people of the entire municipality to be enthusiastic, work with concerted efforts, raise their productivity, and ensure the fulfillment of the dual task of financial revenue and foreign trade.

The meeting was presided over by Vice Mayor Huang Ju. Municipal party Secretary Jiang Zemin and Mayor Zhu Rongji addressed the meeting.

Mayor Zhu Rongji gave an important talk at the meeting. After analyzing the city's economic situation in the first 4 months of this year, Mayor Zhu Rongji explained the purpose of promoting the "double increase, double economy" movement in Shanghai and spoke on several reform measures as well.

He said: Vigorously promoting the "double increase, double economy" movement is an important measure for developing a good situation in Shanghai and for getting us out of trouble this year. The basic requirements of the "double increase, double economy" movement are ensuring the fulfillment of the dual task of financial revenue and foreign trade and getting people to make a greater contribution in revitalizing Shanghai. The principal goals of the movement are: in industrial output, we must ensure the fulfillment of the planned target of a 4 percent increase while ensuring and improving product quality as well; in the suburban counties, we must strive to fulfill the planned target of increasing their grain output by 4.2 billion jin this year; in nonstaple food production, we must essentially achieve self-sufficiency in the supply of domestic fowl and fresh eggs and improve the supply of vegetables in off seasons; in village and town enterprise, we must strive to increase their output by 30 percent; in foreign trade and export, we must strive to export a total of US\$4.3 billion of goods this year; in financial revenue, we must strive to achieve a minimum goal of no less than 15.3 billion yuan, of which, some 3.3 billion yuan will come from the profit turned over to the government by the industrial enterprises. [passage omitted]

Turning to the question of practicing economy, Mayor Zhu Rongji said: On the one hand, we are facing acute shortages in raw and processed materials; but on the other hand, the problem of waste is also very serious. This should merit serious attention on the part of the industrial plants. [passage omitted]

Mayor Zhu Rongji said: On the question of increasing income, the most important measures are strengthening tax management, plugging loopholes, and promptly collecting all taxes that should be collected. It is particularly important to strengthen the management of business taxes and prevent all forms of evasion. Regarding measures for practicing economy, there will no longer be any relaxation of regulations on increasing income and reducing expenses this year. The State Council's requirement of curtailing administrative expenses by 10 percent and institutional purchase power by 20 percent will be implemented as a directive order. In addition, we must also pay attention of production safety and quality of product.

In conclusion, Mayor Zhu called on the plant directors to overcome temporary difficulties, strengthen enterprise management by making correct decisions, revitalize the enterprises, and make the "double increase, double economy" movement a success.

Jiang Zemin, secretary of the municipal party committee, proposed an ideological mobilization for the "double increase, double economy" movement at the meeting. He said: Shanghai is at an important historical turning point. Although it faces difficulties and problems, it also has favorable conditions, which are: the implementation of a policy that gives Shanghai the freedom to be responsible for its own finance and has created favorable conditions for Shanghai to generate its own revenue; the integration of science and technology with production, which has given Shanghai an edge over other localities for comprehensive economic development; and Shanghai's better labor quality and management, which gives it an advantage in attracting foreign capital and enhancing its competitiveness. Therefore, Shanghai has the necessary conditions, strength, and aspiration to successfully make the historical turning point. We are justified to have faith in developing a bright future for Shanghai with our own efforts.

Jiang Zemin maintained that the establishment of a new order of the socialist commodity economy requires an experimental stage; and that this new order must be built on the foundation of the legal system. Jiang Zemin pointed out: Arrogant attitudes and complacency must be overcome; pessimistic views should be cast away. The ultimate solution to Shanghai's current economic and social difficulties lies in developing productivity and strengthening reform, of which, the price reform is an important part and must be successfully carried out. [passage omitted]

In conclusion, Jiang Zemin said: It is very important to strengthen and improve ideological and political work to arouse the enthusiasm of the workers and masses. It is necessary to integrate the party's fine traditions with the spirit of pioneering and enterprising; to reform the ideological and political work; and to establish harmonious relations between the cadres and the masses, thereby ensuring the smooth development of the "double increase, double economy" movement. Representatives from the Shanghai No 5 Steel Mill, the Shanghai No 2 Wool Textile Plant, and four other units also spoke at the meeting. [passage omitted]

Zhejiang Enterprises Sell Bonds to Individuals
OW0106153588 Beijing XINHUA in English
1328 GMT 30 May 88

[Text] Hangzhou, May 30 (XINHUA) — Enterprises in south China's Zhejiang Province are now selling bonds to individuals to raise funds for renovation.

According to a provincial financial department official, between this January and April, these firms issued bonds worth 119 million yuan (32.2 million U.S. dollars), or 77 percent of the bonds issued province-wide.

"Because enterprises offer a much higher interest rate than other bond-issuers, including state banks," the official said, "these bonds have become a hot item."

On April 3, Zhejiang's Haining Tannery issued bonds worth 1 million yuan (270,000 U.S. dollars) through local banks and sold them all within 2 hours, the official reported.

Some 40 enterprises have issued long-term bonds to individuals like the Changxing Power Plant, which now issues bonds worth 12 million yuan (3.2 million U.S. dollars) to individuals, instead of only to collectives and state-owned enterprises.

The provincial government is also allowing bond-holders to trade bonds under financial department supervision.

Central-South Region

Guangdong City Repays Foreign Investors
OW0206123988 Beijing XINHUA in English
1445 GMT 1 Jun 88

["Foshan: A Safe Credit Risk" — XINHUA headline]

[Text] Guangzhou, June 1 (XINHUA) — The city of Foshan, in Guangdong Province, has repaid more than one third of the foreign loans it borrowed from overseas investors since 1978, all of them either on or ahead of schedule, the city's mayor, Lu Ruihua, announced today.

The city used a total of 600 million U.S. dollars in foreign loans over the past 9 years. To date, it has repaid 276 million U.S. dollars on the loans that have come due.

Lu added that the city has the financial wherewithal to pay off the remaining loans as they fall due.

Financial institutions from France, Japan, Switzerland, and Hong Kong have shown their confidence by making investments in the region.

Local governmental officials attributed the city's repayment ability to the efficient management of foreign loans and its expanding export-oriented economy.

Over 90 percent of the city's foreign investment funds were used on projects designed to expand exports. In the past 9 years, the city imported over 130,000 pieces of machinery, 400 production lines and upgraded equipment and technology in the textiles, plastics, electronics, garments, and foodstuffs industries.

Last year, the city developed 230 new industrial products which yielded [figure indistinct] million U.S. dollars in export earnings.

Guangdong To Issue Yen Bonds in Europe
HK0206114188 Beijing CEI Database
in English 1 Jun 88

[China Economic Information (CEI) Database]

[Text] London (CEI)—Guangdong International Trust and Investment Company has signed an agreement with 28 international banks on the issuing 20 billion yen (150 million dollars) of European yen bonds.

This is the second time that China issues yen bonds in the European financial market. The China International Trust and Investment Company had issued 15 billion yen (107 million dollars) of yen bonds in London for the first time last January.

According to the agreement, the term of the yen bonds is five years at an interest rate of 5.125 percent. The issue price is 101.875. These bonds will be put on the market in the Luxembourg Stock Exchange.

The money raised from the bonds will be used mainly on two key projects in Guangdong Province.

The Guangdong International Trust and Investment Company was set up in 1980 to raise money in the domestic and foreign markets for Guangdong's economic development. It issued 20 billion yen bonds in Tokyo in 1986 and 50 million dollar bonds in Hong Kong last year.

Daya Bay Nuclear Station Gets Foreign Loan
HK0206113788 Beijing CEI Database
in English 1 Jun 88

[China Economic Information (CEI) Database]

[Text] Shenzhen (CEI)—The Bank of China recently signed a loan agreement worth 1.6 billion Hong Kong dollars with a consortium for the Daya Bay nuclear power station in Guangdong Province.

The consortium is composed of 17 banks and financial institutions from the United States, France, Japan, Britain, the Netherlands and Hong Kong.

The loan, with a term of ten years, consists of three parts. Part one is a loan with a maximum interest rate of 10 percent per month. Part two is a traditional loan. Part three is a tax-free loan from Japan.

The construction of Daya Bay nuclear power station is well underway.

New Hainan Provincial Organs Established
*HK0306050088 Haikou Hainan Provincial Service
in Mandarin 1000 GMT 31 May 88*

[Text] After spending nearly 6 months discussing and designing the establishment of permanent organizations under the Hainan provincial government, such organizations came into being in mid-May.

(Chen Wenxi), director of the General Office under the Hainan provincial Committee on Government Establishment, furnished us with the following information during his recent interview with our station reporter.

The newly established Hainan provincial party and government departments number 42. Hainan Province has so far basically completed the work of defining the functions of each provincial government organization, fixing the number of internal organs, and fixing the number of personnel of each department. The newly established setup of permanent party and government organizations of Hainan Province is the most efficient and simple provincial administration setup in China.

The Hainan provincial party committee has the following five subordinate units: The General Office, the Organization Department, the Propaganda Department, the United Front Work Department, and the Structural Reform Research Center.

According to the party constitution, the Hainan provincial party committee will set up a provincial Discipline Inspection Commission.

The Hainan Provincial People's Congress Standing Committee has the following seven subordinate units: The General Office, the Legislative Affairs Commission, the Financial and Economic Committee, the Nationalities and Religious Affairs Commission, the Science, Education, Culture, and Public Health Committee, the Rural Work Committee, and the Overseas Chinese and Foreign Affairs Committee.

The Hainan Provincial CPPCC Committee has the following seven subordinate units: The General Office, the Motions Committee, the Overseas Liaison Committee, the Cultural and Historical Data Research Committee, the Economy Committee, the Science and Technology Committee, and the Education, Culture, Public Health, and Sports Committee.

According to the relevant stipulations of the PRC Constitution, a provincial Higher People's Court and a provincial People's Procuratorate will be established.

The Hainan provincial people's government comprises four major systems and a total of 26 organs.

First, the political and security system. This system comprises the Procuratorial Department, the Public Security Department, the State Security Department, the Justice Department, and the Legal System Department.

Second, the administrative affairs management system. This system comprises the General Office, the Personnel and Labor Department, the Foreign Affairs Office, the Overseas Chinese Affairs Office, the Civil Affairs Department, the Nationalities and Religious Affairs Committee, the Education Department, the Public Health Department, and the Culture and Sports Department.

Third, the economic leverage system. This system comprises the Finance and Tax Department, the Economic Supervision Department, and the People's Bank.

Fourth, the social economic development and organization system. This system comprises the Trade and Industry Department, the Communications and Transport Department, the Agriculture Department, the Science and Technology Department, the Construction Department, the Environmental and Resources Administration Department, the Economic Cooperation Department, the Economic Planning Department, and the provincial People's Government Office for the Management of Ports.

In addition, the provincial government will directly supervise the Social Economic Development Research Center, a provincial departmental unit.

The maximum total number of personnel of Hainan's provincial-level party and government organs is tentatively fixed at 2,600. Prior to the establishment of Hainan Province, the personnel in party and government organs at the administrative regional level numbered 3,120. The new provincial setup shows a drop of 520 personnel compared to the past regional setup.

The total number of newly established provincial party and government organs shows a drop of 31 organs compared to the former regional setup. If the newly established provincial People's Congress Standing Committee is regarded as 1 unit, the actual number of our provincial party and government organs is only 36, a drop of 31 organs compared to the former regional setup. The current Hainan provincial setup is about one third or two thirds smaller than the size of a normal Chinese provincial setup.

The mass organizations run by official organs of the former administrative region in the past will now be run by nongovernmental organs and will no longer be regarded as government organizations.

Hainan's Economic Assets, Liabilities Discussed
HK0306005888 Beijing CHINA DAILY in English
3 Jun 88 p 4

[By Zhang Huimin]

[Text] Hainan has both advantages and disadvantages for economic development. The point is that "we battle hard all along to reach our goals," said a senior official of the newly established island province in a recent interview with CHINA DAILY.

Hainan, covering an area of 34,000 square kilometres, is China's second largest island, next only to Taiwan with 36,000 square kilometres.

Situated between the South China Sea and the Beibu Gulf, Hainan faces Leizhou Peninsula across the Qiongzhou Strait. It is 500 kilometres southwest of Hong Kong. With an average annual temperature of between 22 and 26 degrees Centigrade and rainfall of about 2,000 millimetres, it is a perennially lush tropical island.

Hainan became China's 31st province and fifth special economic zones (SEZ) last April.

Miao Enlu, secretary general of the provincial party committee, enumerated Hainan's favourable, as well as unfavourable, conditions for fast development as follows:

First, as China's newest province and largest special economic zone, Hainan has greater decision making powers given by the central government than any other province or SEZ.

To facilitate the implementation of the preferential open policies, Hainan is free to take appropriate measures, according to specific local circumstances, in any areas except for national defence, foreign affairs, public security, customs, taxation, banking, civil aviation and post and telecommunications.

Second, Hainan has three freedoms: freedom of entry and exit for outside people; freedom of entry and exit for funds; and basic freedom of entry and exit for goods.

In Hainan's economy, the State-owned sector will not necessarily predominate, as in other parts of China. Sino-foreign joint ventures, cooperatives and solely foreign-owned enterprises will assume larger proportions. Individual, collective and private enterprises will have great scope for development.

A market economy will be practised in the new province. State planning will be reduced to the minimum so that the economy will function in accordance with the economic laws and the criteria of value.

Land in Hainan can be leased for as long as 70 years and the contract is renewable upon expiration. Foreign investors can thus contract for land development and real estate transactions.

An exceptionally preferential policy will be pursued in regard to investment in infrastructural facilities such as electricity, transport, energy and water supply.

Third, though geographically not so close to Hong Kong as the SEZs of Shenzhen and Zhuhai, Hainan is the midway transit station between China's mainland and the South Asian countries. Situated between Japan and Singapore, it could become an important shipping centre for the Asian-Pacific region.

Fourth, Hainan has abundant natural resources in four categories.

Hainan has tropical crops, such as rubber trees, coffee, pepper, coconut and tea. In addition it grows such tropical fruits as pineapple, lychee, mango, banana and jackfruit. Because of the climatic conditions, Hainan's land should be planted with crops which cannot be grown in other parts of China. Hainan also has vast tracts of primitive forests.

Marine products come from vast fishing grounds on the seas close to Hainan. The waters near the shore can be made into good artificial breeding grounds for marine life such as prawns and oysters. Cultivation of pearls, for which Hainan is already famous, can be further expanded.

Hainan has rich mineral deposits such as titanium, which is indispensable to the space industry; oil and natural gas. There are also gold, cobalt, iron, silver, copper, granite and alabaster. Altogether, there are about 30 kinds of minerals whose massive reserves warrant mining. Hainan has great tourist potential with lots of superb sandy beaches, charming tropical scenery and clean sea water. Because of its warm weather, the southern coast of the island makes an ideal winter resort. For this reason Hainan is often compared with Hawaii.

The first handicap to Hainan's development is the weak and inadequate infrastructure. For this reason the environment for investor is still far from satisfactory.

The three prerequisites for investment—energy, transport and communications—have a long way to go before they can meet the growing needs.

Second, Hainan needs a large contingent of well-trained, knowledgeable and principled cadres who can deal with foreign businessmen in an efficient way and also professionals with expertise in various fields.

In the 30 years from 1950 to 1981, a total of 13,700 college graduates were assigned jobs in Hainan. But 11,000 of them left the island as they could not stand the hard life and backward conditions.

But since last September, more than 20,000 educated people, mostly college graduates, have come by choice to Hainan to seek jobs. They think that with the new open policy Hainan will develop very fast.

The Hainan government is recruiting personnel with specialized skills and education in an active and planned way.

Third, Hainan's public security and environmental hygiene still leave much room for improvement. Serious effort is being made in these areas.

Secretary General Miao said, to bring about an attractive environment for investment, effort is not confined to improving the infrastructure and recruiting talent. Hainan has started reforms in its political structure to raise efficiency in administrative matters.

Provincial government departments will be streamlined, with their staffs reduced from 6,050 to 2,500. The government at prefecture-level will be abolished so that the provincial authorities deal directly with the county governments.

The government will no longer interfere in the day-to-day running of the economy but instead will focus on planning, co-ordination, supervision and examination.

Government departments in charge of agriculture, industry and commerce will be converted into economic entities to operate in line with the laws of economy like enterprises.

This is what is meant by the slogan "a small government and a big society" for Hainan.

Rules and regulations suited to Hainan's specific conditions will be formulated to facilitate business transactions with foreign partners.

Miao said that in consideration of Hainan's basic circumstances economic development will be in three stages.

The first stage, from three to five years, will focus on a sound foundation in the infrastructure—that is, energy and water supplies, transport and communications facilities.

Stress will also be placed on agriculture and the upgrading of existing enterprises. During this stage, Hainan will strive to exceed the nation's average in economy.

In the next five to seven years, the second stage, Hainan will overtake or surpass the relatively advanced areas of the nation.

Then, in the third stage, which will cover 10 years, Hainan will try to leave behind China's advanced areas, and be strong enough to compete abroad.

All this calls for continued, strenuous work, Miao said.

Hubei Meeting Held on Journalism Reform
HK0306053288 Wuhan Hubei Provincial Service
in Mandarin 1130 GMT 31 May 88

[Text] To promote reform of broadcasting, television, and the press, a 4-day meeting attended by directors of broadcasting and television bureaus at the prefectural, city and autonomous prefectural levels, ended in Wuhan today. At the meeting, comrades responsible for the provincial Broadcasting and Television Department conveyed the spirit of circulars issued by the central government for the reform of journalism. In discussions, participants exchanged their views on what is happening in this field of work in various places.

Attending the meeting were Qian Yunlu, deputy secretary of the provincial party committee; Han Nanpeng, vice governor; Wang Zhongnong, director of the provincial party committee Propaganda Department; and his assistant (Li Dehua); they also spoke at the meeting and took part in the discussions.

Speaking at the meeting, Comrade Qian Yunlu paid high tribute to the fast development of broadcasting and television work and successes in propaganda work, and in particular the obvious effort to publicize the spirit of the 13th CPC National Congress and promote economic work and reforms in urban and rural areas of the province. The level of broadcasting and television work has been raised as reform has been carried out. On behalf of the provincial CPC Committee, Qian Yunlu expressed thanks to all comrades engaged in broadcasting and television work.

Comrade Qian Yunlu continued: To implement the strategy for the rise of Hubei in central China, broadcasting and television stations should work for the strategy. It is hoped that reform of journalism will provide more information, increase coverage of the system of consultation and dialogue, give scope to the supervisory role of public opinion and pay attention to publicity results.

On reform of the press, Qian Yunlu stressed the following four points: 1) Adhering to the principle of being resolute but prudent. He said: Reform of journalism constitutes a component part of the political structural reform. It has its long-term and immediate objectives. It should advance gradually in due order and should not hit the target with a single shot. What is clear to us should be done resolutely and what is not clear to us should be

explored and done prudently. 2) Sticking to one center and two basic points. Reform of journalism should by no means deviate from the party's basic line but should contribute to pushing forward economic construction and expanding the productive forces. When the reform and opening up policies are stressed, we should not forget the four cardinal principles; when the four cardinal principles are emphasized, we should not forget the reform and opening up policies. 3) Attention must be given to truthfulness of journalism. Whatever the reform will be, truthfulness of journalism should be strengthened. Reform of journalism should put an end to false reports and hearsay. 4) Attention must be given to social effect, advocating what is good and exposing what is ugly. Of course, exposing contradictions aims at solving contradictions and not at creating confusions.

Comrade Qian Yunlu pointed out: Reform of journalism is a great event. It is hoped that comrades engaged in broadcasting and television work will accumulate experience and blaze new trails. He also called on radio and television stations to expand the scope of their service and obtain reasonable pay from their service so as to build up themselves in line with local conditions. He said that because of heavy tasks and rapid development, radio and television stations should build up a stronger contingent of staff members, raise their quality and encourage them to become aggressive. They should train more well-known reporters, famous editors, renowned announcers and celebrated directors. Comrade Qian Yunlu hoped that party committees at all levels will give more leadership over radio and television work so as to give fuller play to the role of radio and television in giving publicity and creating public opinion.

Zhang Jinxian, director of the provincial Broadcasting and Television Department, delivered a speech entitled "Deepen Our Understanding, Intensify the Reform, and Expedite the Development of Broadcasting and Television Work."

Southwest Region

UN, Italy Help Tibet Develop Geothermal Energy
HK0306052488 Lhasa Tibet Regional Service
in Mandarin 1030 GMT 31 May 88

[Text] On the evening of 30 May, Gyamco, vice chairman of the regional people's government met (Kongleisa), representative of the UN Development and Program Agency in China, and his party. The meeting took place at the Riguan Guest House.

The group headed by Mr (Kongleisa), comprising members of the UN Development and Program Agency, UN Technological Cooperation and Development Agency, and the Italian Foreign Ministry, as well as experts and technical personnel of some relevant companies will conduct surveys in many areas of our region for prospecting geothermal energy.

At the meeting, Gyamco said: The (Yingguangjin) power station plays a major role in the whole electric supply system in Lhasa. We are aware that developing geothermal energy can yield quick results. We have built a certain number of power stations but they need to be improved. Geothermal energy should be sought in some other places of our region. It is hoped that UN and Italian experts will give us advice after returning from their on the spot investigation.

Mr (Kongleisa) said: Tibet is short of energy. Of course this problem cannot be solved in a short period of time. However, Tibet has placed energy development in an important position. This is quite necessary. On behalf of the Italian Government, Mr (Sikaowadi) expressed heartfelt thanks to the vice chairman for his meeting with them. He noted that Italy made a lot of preparations for developing geothermal energy in Tibet. I have seen that Vice Chairman Gyamco paid great attention to this field of work. I believe that our cooperation projects will certainly produce good results.

North Region

Murder of Beijing Student Causes Demonstrations
HK0306040288 Beijing ZHONGGUO XINWEN SHE
in Chinese 0311 GMT 3 Jun 88

[Report: "Beijing University Students Take to the Streets and Protest Against the Murder of a Postgraduate Student Killed by Rascals"]

[Text] Beijing, 3 Jun (ZHONGGUO XINWEN SHE)—Unrest again appeared on the campus of Beijing University. Chai Qingfeng, a postgraduate of the geophysics department, was killed by some rascals. This evoked indignation among the students. Last evening, at 2300 local time, hundreds of students gathered and marched to the Tiananmen Square and the Ministry of Public Security and held demonstrations there. The university authorities sent 10 coaches to carry the demonstrating students back to school at 0600 this morning.

Early yesterday morning, Chai Qingfeng and two other students encountered a group of rascals at a small restaurant outside the school campus. All three students were roughed up and injured by the rascals. Chai was seriously wounded and died in the afternoon after all rescue measures proved ineffectual.

After receiving the report about this murder case, the Haidian Branch of the Beijing Municipal Public Security Bureau immediately began to search for the criminal offenders. So far, three of the rascals have been arrested. The responsible officials of the Beijing municipal government have paid close attention to this case, and have ordered the public security organ to rapidly crack this criminal case and bring the criminals to justice so as to maintain social order and guarantee the normal study order in the university.

The authorities of Beijing University fully understood the feelings of the students. A school leader who did not want to reveal his name was interviewed by ZHONG-GUO XINWEN SHE and said that university students were attacked or harassed by rascals from time to time. Although there are security guards in the school, the security guards themselves were also often roughed up by rascals. It is indeed necessary to take some effective measures to maintain the social order!

The leadership of the university is now discussing the way to properly deal with the aftermath of this case.

Today, big character posters commenting on this case appeared on the campus of Beijing University.

Posters Displayed

HK0306114088 Hong Kong AFP in English 1136 GMT
3 Jun 88

[By Patrick Lescot]

[Text] Beijing, June 3 (AFP)—Protest posters went up Friday at Beijing University in the aftermath of a demonstration by 2,000 students angered by the campus killing of one of their colleagues.

Several hundred students gathered around the 30-odd large-character "dazibao" posters inspired by the fatal beating Thursday of Cai Qingfeng, a 22-year-old post-graduate geophysics student.

One poster attacked "the corruption which paralyses part of the government." Others denounced a lack of security on Beijing University's suburban campus and appealed for the assailants "to pay their price in blood."

One poster called upon students to "wake up... stop being quiet" and stop paying so much attention to leisure-time activities, including discotheques.

Some of the posters, which are outlawed under China's constitution, were stained with blood.

Mr Cai's death, the second killing at Beijing University in six months, touched off a march to Tiananmen Square overnight in which 2,000 students took part, according to an AGENCE FRANCE-PRESSE reporter on the scene.

The demonstration continued until the early hours of Friday as students demanded justice and cried "long live human rights." Police refrained from dispersing the crowd, despite a ban on street protests in the Chinese capital.

Beijing police said Friday it had arrested two suspects in Mr. Cai's death and were continuing a search for others, the official NEW CHINA NEWS AGENCY (NCNA) reported.

In a brief dispatch, it said 1,000 students had taken part in the march. It said they returned to Beijing University after a Public Security Ministry official promised to review their demands.

Mr Cai was "seriously injured by a group of hoodlums" at a snackbar Thursday morning, NCNA said. He succumbed to his injuries later in the day.

Several of Thursday night's marchers said they had taken part in protests during 1986-87 nationwide student unrest which led to the sacking of Hu Yaobang as general secretary of the Chinese Communist Party.

"We are protesting because we've had enough of being mistreated by society," a student said during the march as his comrades indicated their approval.

When the students arrived in Tiananmen Square and were told by police that two people suspected of harassing students had been arrested, they shouted in unison: "Execute them."

A Communist Party official, Yuan Libai, urged the irate students to be patient and wait for the outcome of police inquiries, but the demonstrators howled: "Bureaucrat."

Six months ago, on December 7, some 1,500 students demonstrated in the streets of Beijing to protest the campus murder of student Zang Wei, 19, and demand that his killer be punished.

The murderer, a 22-year-old worker, was executed three weeks later.

Several other cases in which students have been murdered have appeared in the official press during the past year, a symptom of tension between China's 1.9 million privileged university students and less educated youth.

Fifth Congress of Beijing Workers Party Opens SK0206053788 Beijing BEIJING RIBAO in Chinese 19 May 88 p 1

[Excerpts] The Fifth Congress of the Beijing Municipal Chinese Peasants and Workers' Democratic Party opened yesterday.

The congress was presided over by Li Jiansheng, vice chairman of the sixth municipal committee of the Chinese Peasants and Workers Democratic Party. Chairman Ding Gongnan gave an opening speech. The main items of the agenda of the congress are to hear and discuss the work report of the sixth municipal committee, to elect the seventh municipal committee, and to elect delegates to the 10th National Congress of the Chinese Peasants and Workers Democratic Party.

Over the past few years, members of the Beijing Municipal Peasants and Workers Democratic Party have actively participated in discussing Beijing's major policies and have displayed their democratic supervisory role. They have offered many criticisms and opinions concerning Beijing's construction and reform and the unhealthy trends in the party and society. Some of the serious unhealthy trends among the party-member cadres which they reflected were greatly attended to by the Central Discipline Inspection Commission. [passage omitted]

On behalf of the municipal party committee, Wang Guang, member of the Standing Committee of the Beijing party committee gave a congratulatory speech. He affirmed the achievements done by the municipal committee of the Peasants and Workers Democratic Party over the past 4 years and hoped that in the future it would regularly offer opinions, suggestions and criticisms concerning the work of the Beijing Municipal CPC Committee and the municipal government, and would fully display its advisory and democratic supervisory role.

Zhou Gucheng, chairman of the Central Committee of the Chinese Peasants and Workers' Democratic Party, gave an important speech at the congress.

Leading comrades of the municipal People's Congress Standing Committee, the municipal CPPCC Committee, various municipal democratic parties, and the Federation of Industry and Commerce, including Xing Jun, Feng Mingwei, Chen Mingshao, Zhang Lianyun, Shen Yifan, Chang Mengqu, Mao Zhifen, Zheng Zhengren, Peng Kexun, and Dang Shaoyuan, attended the congress.

Hebei Formulates Measures To Encourage Exports
SK0206052888 Shijiazhuang HEBEI RIBAO
in Chinese 18 May 88 p 1

[Text] On 17 May at the provincial foreign trade work conference, Governor Yue Qifeng noted in a speech that the provincial government had decided to adopt eight measures to encourage foreign exchange earnings through exports while conscientiously implementing the state policies encouraging exports.

1. Raise the percentage of the above-quota foreign exchange retained by prefectural and city export-oriented production and goods-supply enterprises, and allow the localities to take the lion's share of above-quota foreign exchange.

2. Support export-based enterprises on a priority basis in the areas of funds, materials, and technical transformation, and adopt the method of linking the total payroll for staff and workers with the foreign exchange earned from exports.

3. Income tax levied from enterprises whose normal production is affected because the prices of some of their commodities sold for export are lower than those of the same commodities sold domestic ally due to objective reasons, may be exempted or reduced with the approval of tax departments.

4. Encourage the joint operation of industrial and foreign trade enterprises. Associated export corporations organized by export-oriented production and foreign trade enterprises are permitted to share profits before paying taxes, and their income tax will be reduced by 50 percent for 3 years.

5. Encourage the development of new commodities. When a new commodity enters the world market, all the retained portion of the foreign exchange it has earned in the 1st year will be returned to the production enterprise, and the enterprise will be exempted from paying income tax for 1 year. If the enterprise still experiences difficulties in the 2nd year, it may apply for a tax reduction or exemption. Certain awards will be given to personnel who develop, produce, and sell new commodities.

6. Establish export risk-taking funds and export-oriented production development funds to compensate foreign trade enterprises and export-oriented production enterprises for economic losses caused by fluctuations in the world market and factors not controlled by man, and to support the production of export commodities.

7. Establish working funds for large-scale import and export, and support the processing and export of imported materials.

8. Restore the special loans for industrial export goods. In addition to implementing adequately, successfully, and flexibly the encouraging policies formulated by the state and the provincial government, all prefectures, cities, and departments should study and formulate measures to encourage greater exports in line with the actual conditions of their own localities and departments.

Hebei, Italy's Veneto Region Sign Amity Accord
SK0206041588 Shijiazhuang HEBEI RIBAO
in Chinese 19 May 88 p 1

[Text] An agreement on establishing friendly ties between PRC's Hebei Province and Italy's Veneto Region was officially signed at the (Barbe) Palace in Venice, the capital of Veneto Region, at 1000, local time, on 17 May.

Ye Liansong, head of the economic friendship delegation of the Hebei provincial government, and vice governor of Hebei, and (Carlo Bernini) governor of Veneto Region, signed the agreement.

According to the stipulations of the agreement Hebei Province and Veneto Region will strengthen cooperation in the fields of economy, culture, education, and sports.

Ye Liansong delivered a speech at the signing ceremony. He said: The agreement on establishing friendly ties between Hebei and Veneto has been officially signed in the hometown of Marco Polo. It is a great event meriting congratulations. It indicates the opening of a new chapter in the annals of friendly and cooperative relations between the peoples of Hebei and Veneto. In his speech, (Bernini) pointed out: We attach great importance to the development of China, and express admiration for the ancient Chinese culture and the progress in many other fields. We will continue to promote the friendship between the two sides.

After the closing of the signing ceremony, accompanied by the region's Vice Governor (Humbotto Calallo), Ye Liansong met with more than 100 economic figures, briefed them on the investment environment and preferential policies of Hebei, and released 608 economic and technological projects, thus attracting great interest from figures of various circles.

The delegation headed by Ye Liansong arrived in Italy on 12 May. During its visit to Veneto, the delegation also signed an agreement on compensatory trade with (La Nalocci) Woolen Textile Mill.

Hebei Conference on Work of Intellectuals Held
SK0206063788 Shijiazhuang Hebei Provincial Service in Mandarin 2200 GMT 21 May 88

[Text] At a provincial conference on the work concerning intellectuals held on 21 May, Lu Chuanzan, deputy secretary of the provincial party committee, said: The key to promoting Hebei's economic development lies in trained personnel. All localities and departments should adopt effective measures to strengthen the work of developing and managing trained personnel and to create realistically a good social habit of respecting knowledge and trained personnel.

Lu Chuanzan said: Over the last few years, our province has done much in developing trained personnel and has scored gratifying achievements in relaxing policies towards scientific and technical workers in particular. However, we still cannot meet the demands for trained personnel for carrying out economic construction. These are mainly manifested in our shortage of trained personnel, serious outflow of trained personnel, and our inflexible way of managing them. Phenomena of belittling and stifling the enthusiasm of intellectuals still exist in some localities and units.

Lu Chuanzan noted: The main reason for the aforementioned phenomena is that we fail to fully understand the importance of successfully carrying out the work towards intellectuals and developing intellectual resources. Our ideology is not adequately emancipated and our methods

are few. We fail to have courage and to adopt various ways to develop this work. If we fail to solve these problems, promoting economic development and realizing the goal of invigorating Hebei with science and technology will be an empty talk.

Lu Chuanzan said: The work regarding intellectuals is a new task, involving the efforts of all fronts and units. The work scope and targets are broad. He called on party committees at all levels and the party's organization departments to attach prime importance to respecting knowledge and trained personnel, formulate and perfect systems and stipulations for safeguarding the legitimate rights and interests of the trained personnel, guarantee that their legitimate rights and interests will not be infringed upon, and strive to improve intellectuals' work and living conditions. He said: Under the present tense financial situation in the country and our province, we may open various channels and adopt various methods, including relaxing policy restrictions and adopting flexible managerial methods, to gradually solve these problems. Actively promoting the work of delegating power to scientific research organs and scientific and technical works and invigorating their work, encouraging the rational flow of scientific and technical workers, and formulating preferential policies to attract trained personnel and intellectual resources from other localities will help to lay a solid foundation for realizing the province's economic development strategy and invigorating Hebei's economy.

Lu Chuanzan also put forward specific demands on the party committees at all levels and the relevant departments, urging them to strengthen leadership over the work towards intellectuals.

Leading comrades of the Organization Department of the provincial party committee and the provincial Scientific and Technological Commission attended the conference and presented silk banners, certificates of citation, and certificates of honor to 43 advanced units and individuals who did good jobs in the work towards intellectuals.

Inner Mongolia Reports Foreign Capital Use
SK0306064988 Hohhot NEIMENGGU RIBAO in Chinese 20 May 88 p 1

[Excerpt] Our region has achieved encouraging results in foreign capital utilization and technology imports. Since the 3d Plenary Session of the 11th CPC Central Committee, the region has approved and signed contracts for more than 150 foreign capital utilization and spot exchange import projects, with the transactions totaling \$203.84 million. Many of the projects completed and commissioned thus far have yielded notable economic results and social benefits.

Our region started using foreign capital and importing technology in 1979. So far, the foreign capital utilization and technology import channels have been expanded

from such countries and regions as Japan, Hong Kong, and Macao to 13 countries and regions in Europe and America. The region is developing economic and technological cooperation with such countries as the Soviet Union, Mongolia, and East European countries. In line with its characteristics, our region has adopted fairly flexible methods to utilize foreign capital. In the form of compensation trade alone, 22 agreements were concluded, and the total amount of foreign capital utilized reached \$47.97 million. Both the number of the projects and the amount of foreign capital utilized amounted to one-third of the region's total. In addition, more than \$106.6 million in foreign capital was utilized through Chinese-foreign joint ventures, cooperative operation, foreign loans, leasing, and foreign donations.

Based on our region's current economic situation, foreign capital is invested emphatically in production and processing enterprises. Among the 76 foreign capital utilization projects, 58 are production and processing projects, amounting to 76 percent of the total number. These projects are distributed mainly in light and textile industries, agricultural and animal husbandry capital construction, and building material industry, which utilized nearly \$130 million in foreign capital. In addition, there are 10 foreign capital utilization projects in cultural, educational, public health, and other intellectual investment and social welfare undertakings, involving \$11.12 million, and 7 projects in the undertakings in service of opening to the outside world, involving \$11.59 million. [passage omitted]

Inner Mongolia Forms Nonmetallic Resources Group
HK0206115388 Beijing CEI Database
in English 1 Jun 88

[China Economic Information (CEI) Database]

[Text] Huhhot (CEI)—The Inner Mongolian nonmetallic resources development group has been established here recently.

Geological prospecting, designing, manufacturing, installation, production and marketing are integrated under the company which combines industry with trade and technology with trade, and will also undertake economic cooperation at home and abroad.

It is learned that there are 40-odd kinds of proven deposits of nonmetallic resources in Inner Mongolia, among which silicon, vermiculite, agate and Iceland spar are the richest in the country.

Five categories of the region's nonmetallic products in ten series and almost 100 specifications were exported in 1987.

Inner Mongolian Highways Bring Prosperity

OW0106152688 Beijing XINHUA in English
1442 GMT 30 May 88

[Text] Hohhot, May 30 (XINHUA) — A modern asphalt highway has replaced a millenia-old horse and ox trail across the Hulun Buir Grasslands in China's Inner Mongolia Autonomous Region.

And the significance of this 85-kilometer stretch of road is reflected in the name the locals have given it — "A Golden Bridge."

"The highway has brought the country and the city closer," said Daxi Daoerji, deputy head of the Hulun Buir League (Prefecture).

About 1,000 vehicles use it each day.

Thirty years ago, Daxi said, when he went to study in the area's major city, Hailar, it took him 3 days to make the trip by ox cart.

"It's only a 40-minute drive today," he said.

The road traverses the Ewenki Autonomous Banner or county and ends at a large coal mine.

The area, which abounds in livestock, used to be almost shut off from the outside world because transportation was so inconvenient, Daxi, 45, said.

Surplus milk, unable to be shipped out, was poured into the river, and sheep, driven to markets, may have been fat at the start, but were skinny on arrival after the long journey.

Last year, the banner sold 16,000 tons (16 million liters) of milk to Hailar Dairy Products Factory, 10 times more than that a decade ago, and gave local herdsmen an additional income of 8 million yuan.

The road has stimulated development of dairy factories, leather factories, and even tourism.

Dexing Geli, a 63-year-old herdsman, set up a "yurt motel" to attract both Chinese and foreign tourists. He earned a net income of 10,000 yuan in his first year.

With the development of 32 township enterprises and other trades, the per capita annual income of herdsmen reached 650 yuan in 1987, double the income in 1978.

The Hulun Bui League considers road construction vital to develop a commodity economy.

Since 1985, the league has also built a 90-kilometer highway from Hailar to Yakeshi City and a 125-kilometer road from Hailar to Ergun Right Banner, bringing the league's road network to 5,560 kilometers.

Tianjin People's Congress Holds First Meeting
SK0306063888 *Tianjin City Service in Mandarin*
2200 GMT 2 Jun 88

[Text] The Standing Committee of the 11th Tianjin Municipal People's Congress held its first meeting on 2 June. Wu Zhen, chairman of the municipal People's Congress Standing Committee, presided over the meeting. The meeting announced the division of work assigned to the chairman and vice chairmen of the Standing Committee of the 11th municipal People's Congress. Participants at the meeting studied the relevant articles of the PRC Constitution and the local organic law, discussed Mayor Li Ruihuan's motion asking for discussion on the designations of the 11th Tianjin Municipal People's Government personnel; heard Vice Mayor Nie Bichu's [words indistinct]; discussed the motion of Gao Yifei, president of the municipal People's Procuratorate, asking for discussion of the appointments and removals of Comrade (Bai Ruyu) and others; and approved corresponding personnel appointments and removals.

Attending the meeting were Li Yuan, Liu Zengkun, Yang Jianbai, Fan Quan, Han Tianyao, Yu Fujing, Shi Jian, Zhu Wenju, Bai Hualing, and Pan Yiqing, vice chairmen of the municipal People's Congress Standing Committee; and Secretary General Li Senrong, Wang Yongchen, president of the municipal Higher People's Court; [name indistinct], vice president of the municipal Higher People's Court; Zhang Dequan, deputy chief procurator of the municipal People's Procuratorate; and responsible persons of the municipal People's Congress Standing Committee, government and CPPCC Committee, and various district and county people's congress standing committees attended as nonvoting delegates.

Tianjin CPPCC Session Concludes 20 May
SK0206105288 *Tianjin City Service in Mandarin*
2330 GMT 20 May 88

[Excerpts] The 7-day First Session of the Eighth Tianjin Municipal CPPCC Committee concluded successfully at the central auditorium of the Tianjin Guesthouse at 1500 on 20 May after satisfactorily fulfilling its scheduled tasks. CPPCC leading comrades, including Tan Shaowen, Xiao Yuan, Zhao Jinsheng, He Guomo, Huang Tifei, Huang Yusheng, Yang Tianshou, Yu Songting, Kang Tiejun, Chen Ruru, Liao Canhui, and Yang Hui, and 629 other members attended the closing ceremony. Also attending were Liu Jinfeng, Wu Zhen, Zhang Zaiwang, Yan Dakai, Zhang Dinghua, Yang Jingheng, Wang Xudong, Zhang Lichang, Yang Huijie, Bai Hua, Zhao Jun, and Li Yuan, leading municipal comrades; Wu Tingqiu, Jin Xianzhai, (Yu Guozong) and (Zhou Yuliang), Standing Committee members of the National CPPCC Committee; veteran comrade Zhou Pu; and Li Qin, director of the United Front Work Department of the municipal party committee. [passage omitted]

Tan Shaowen, deputy secretary of the municipal party committee and chairman of the eighth municipal CPPCC Committee, spoke at the closing ceremony. He said: This session has been held in a democratic, vigorous, united, and inspiring atmosphere. It has been a session at which the wisdom of the people was pooled to discuss the major principles of Tianjin, and a session to inspire the people to carry forward the cause and forge ahead into the future with all-out efforts.

Tan Shaowen said: In line with the nature and tasks of CPPCC organizations, the work experiences of previous CPPCC committees, and the current actual conditions of Tianjin, this CPPCC Committee should continue to make efforts in the following aspects.

First, it should fully perform the functions of the CPPCC, and strengthen political consultation and democratic supervision. Focusing on the major issues in our municipality's two civilizations, reform, opening up and the people's everyday life, and the central work of the party and government, it should organize forces to conduct investigations and study, hold consultations and discussions, and perform its function of democratic supervision through suggestions and criticisms. [passage omitted]

Second, it should fully develop its advantage of having a bank of talented people to contribute efforts toward our municipality's construction and reform. With talented people of various levels specialized in various fields who have rich experience, CPPCC organizations should pay attention to performing the function of CPPCC's comprehensive bank of talented people as a whole, and continuously expand their service fields. They should attach great importance to and make a success of the ties with Taiwan, Hong Kong, and Macao compatriots, and overseas Chinese so as to make more contributions to the reunification of the motherland.

Third, it should conscientiously step up efforts to improve CPPCC organizations, and raise its work to a new level. It should continue to carry forward the fine tradition of self-education, and intensify the study of theory, policies, and professional knowledge so as to broaden its field of knowledge. [passage omitted]

Secretary Comments

SK0206043888 *Tianjin TIANJIN RIBAO*
in Chinese 17 May 88 p 1

[Text] On 16 May Li Ruihuan, secretary of the municipal party committee, attended the first session of the eighth municipal CPPCC Committee to hear earnestly the speeches delivered by CPPCC members and spoke on his views on education, democracy, and other hot subjects of the session.

At the session, Wang Wei, vice chairman of the municipal committee of the China Association for Promoting Democracy, vehemently presented his views on our

municipality's primary and middle school education and expressed his worries about the development of the campus economy at primary and middle schools. After hearing the speech, Li Ruihuan said: I have always believed that primary and middle schools should not excessively advocate the development of the campus economy. There are two reasons for this: First, primary and middle school teachers have always shouldered very heavy burdens because their wages are not high and they have difficulty making ends meet. In addition, they have to teach students and their energy is limited. Second, during a student's growth period, labor may be regarded as training; however, it is not proper to make students work in order to make money. Many organs are currently discussing ways to make money. The municipal party committee and government hold that party and government organs should be very prudent when the entire society is advocating money-making: because if they are not, they might "abuse power to make money," and their efforts to remain honest and upright will be affected. In my opinion, plans should be studied and formulated first, and no money-making undertaking should be carried out for the time being.

Li Ruihuan said: Education remains a problem about which everyone is concerned and anxious. Almost all provinces and municipalities currently have this problem, and many leading people have been criticized because of it. I really want to cast it off. His words aroused the participants' warm applause.

Li Ruihuan continued: You should not applaud too early. We should note that education involves a very wide range of areas; and this requires comprehensive study, a long-range overall plan, and unified and realistic arrangements which conform to the current economic situation. Otherwise, education workers will have grievances, leading cadres will have difficulties, and comrades of other trades will feel amiss. I think that primary, middle school, and university education is an integrated whole, among which primary and middle school education is the foundation and the focus and should be promoted with great efforts. We should properly adjust the educational structure, develop secondary specialized schools, and link them with our industries. We should also develop university education in a planned manner to make it compatible with our economic situation. Li Ruihuan said: The degree of economic development determines the degree of educational development, and education cannot be developed if the economy is not developed. This is the unity of opposites. With a large number of talented people specialized in various fields, CPPCC committees might conduct conscientious study of this issue and explore a more realistic way to eliminate the current passive situation.

Speaking on achievements and deficiencies, Li Ruihuan pointed out: The achievements Tianjin has scored over the past 5 years are the result of concerted efforts by the people throughout the municipality, including CPPCC

comrades. The purpose of fully affirming the achievements made thus far is to unify thinking, summarise experiences, and promote the work in various fields. This does not in the least imply that there are no problems in our work; there are defects and areas in our work that we are not satisfied with. Some of the problems are unavoidable in the process of reform, and others are caused by mistakes in our work. We must not avoid mentioning these problems or shut our eyes to them. Long ago we made the mistake of talking solely about achievements without talking about problems, so, some problems could not be solved for a long time. Therefore, when we are stressing democracy, it is hoped that everyone will point out more problems and that the municipal party committee will also earnestly listen to everyone's opinions and that they will study together to solve the problems.

Speaking on developing democracy, Li Ruihuan said: Fully developing democracy and unifying thinking, enhancing morale, and solving problems in the process of developing democracy are major issues we should study in the future. On the one hand, people lack a sense of democracy because of the long period of influence by feudal ideas, and great efforts should be exerted to develop democracy. On the other hand, democracy and the economy restrict each other, and it is unrealistic to emphasize that democracy should be divorced totally from the current economic situation. In a certain sense, what the economy and the social system are like depends on what the democratic system is like. This is what full development of democracy means.

Li Ruihuan concludes: Democracy is a means and also a purpose. Concerted efforts by leading persons and the masses are needed in order to exercise well our democratic rights and shoulder our responsibilities. He urged the participating representative members to develop fully democracy and display a strong sense of responsibility to hold the two sessions well to enable the Tianjin people to have confidence and to make the sessions ones for consolidating and developing the excellent situation, for inspiring efforts, for unifying thinking, and for strengthening unity. With the concerted efforts of the people at both higher and lower levels, he believed that this purpose can be attained.

Commodity Inspectors Help Tianjin Joint Ventures
OW0106051188 Beijing XINHUA in English
1352 GMT 30 May 88

[Text] Tianjin, May 30 (XINHUA) — Commodity inspectors, once treated as dispensable, are regarded now as reliable advisors to foreign bosses in Tianjin's economic and technological development zone.

The foreign manager of the Xinlu Foodstuff Company, a Sino-U.S. joint venture, singled out the Tanggu Import and Export Commodity Inspection Bureau for special praise.

He presented it with a silk banner that described the inspection as consummate and service, excellent.

He had reason to be grateful. His company had produced a pepper powder that failed to meet United States standards of purity.

An inspector of the bureau advised the trouble was the choice of pepper. The manager made some changes. Now the product is accepted by the U.S. food department.

A lighter factory also benefitted from advice given by inspectors to improve quality of products. As a result its products now meet export standards.

"Inspectors make final checks for us, impelling us to improve quality of the products," said a foreign manager who was against inspections at first.

Li Ruihuan Meets With Japanese Delegation
SK0106042288 Tianjin TIANJIN RIBAO
in Chinese 19 May 88 p 1

[Text] Yesterday evening, Mayor Li Ruihuan cordially met with the delegation of the 18th Fukuoka prefectural youth ship visiting China from Japan, led by Yatsugi Ota, governor of Fukuoka Prefecture, at the cadres club. Bai Hua, vice chairman of the municipal People's Congress Standing Committee, Fang Fang, secretary general of the municipal government, Geng Jianhua, vice chairman of the municipal Foreign Affairs Office, and Lu Fenyan, director of the municipal Bureau of Tourism, and responsible comrades of the Tianjin branch of the Chinese People's Association for Friendship With Foreign Countries and the Tianjin branch of the International Traveling Agency were also present at the meeting.

The 326-member delegation Fukuoka prefectural youth ship visiting China, which was organized by the Japanese Traffic Corporation, arrived at the port of Tianjin on 17 May. After landing, the delegation went to Beijing for a visit and some sightseeing by car. It returned to Tianjin yesterday afternoon.

After the meeting, the delegation members attended a welcoming party sponsored by the Tianjin branch of the International Traveling Agency. On behalf of the municipal government and Mayor Li Ruihuan, Fang Fang gave a welcoming speech. Leader Yatsugi Ota thanked the Tianjin leaders for their hospitality.

During its stopover in Tianjin, the delegation visited the Tianjin carpet plant, the old cultural street, and food street and decided to leave Tianjin on 20 May.

Northeast Region

Dalian Municipal Official Expelled From Party
OW0306051588 Beijing XINHUA in English
0748 GMT 2 Jun 88

[Text] Beijing, June 2 (XINHUA) — The deputy secretary general and director of the General Office of the Standing Committee of the Dalian Municipal People's Congress has just been expelled from the party.

Zhu Lianchao, 43, sent anonymous letters to four central government leaders since 1984 to frame a man who once worked with him and the man's father. In the letters, Zhu calls the man's father "counter-revolutionary, double-dealer, careerist and conspirator."

In June 1985, when Zhu found out the man would become one of Dalian's municipal leaders, Zhu sent four anonymous letters to top leaders of the Dalian municipal party committee and the municipal Women's Federation in the name of a "young female victim," which accused the man of being a degenerate.

The Standing Committee of the municipal People's Congress decided to discharge Zhu from his post and place him on employment probation for one year.

Heilongjiang Governor on Soviet Border Trade
OW0106140488 Beijing in Russian to the USSR
1800 GMT 27 May 88

[Interview with Heilongjiang Governor Hou Jie by Beijing Radio correspondent (Shie Jie); date and place not given — read by announcer]

[Excerpts] [Passage omitted] Concerning the expansion of foreign ties, which is one of the main measures for Heilongjiang's economic development, Comrade Hou Jie noted: Presently, our province has expanded foreign trade channels and its economic and technical cooperation with foreign countries. Trade ties and scientific and technical exchange, and economic and technical cooperation have been already established with 110 countries and regions of the world. Fraternal relations with 13 provinces and cities of five countries: Canada, Japan, Denmark, and so forth are developing. The variety of export goods has increased from 100 to 500. Eighty-eight joint-capital enterprises have been built on the principle of cooperation. More than 300 units of advanced foreign technology have been commissioned. To improve the investment conditions and encourage foreign investors, four preferences have been developed by the provincial government. [passage omitted]

On Heilongjiang border trade with the USSR, Comrade Hou Jie said: Trade between Heilongjiang Province and the USSR border regions has a history of many years. Our border trade has received considerable development since 1957. After 10 years, by the end of 1966 the total volume of trade with the USSR exceeded R [Rubles] 34

million. After the resumption of the PRC-USSR border trade in 1982, it developed yearly. Its volume reached 53 million Swiss francs by 1987. It is expected to grow further this year.

Trade ties between cities such as Heihe, (Songjiang), Suifenghe, and Soviet border cities were established after 1987, as well as provincial administrative centers such as Harbin and Khabarovsk. The sphere of trade is expanding as well. In addition to mere barter trade, we have begun economic and technical exchange, which will allow each other to complement and benefit both sides.

I think that residents of border regions of the PRC and USSR will become good trade partners.

Heilongjiang People's Congress Appoints Officials
SK0206034988 Harbin HEILONGJIANG RIBAO
in Chinese 15 May 88 p 1

[Text] The provincial People's Congress Standing Committee has decided to appoint Wang Yufu [3769 3768 1133] secretary general of the provincial government; Sun Kuiwen [1327 7608 2429] director of the provincial Planning and Economic Commission; Chen Yunlin as director of the provincial Commission for Restructuring Economy (a concurrent post); Li Quanlin [2621 0356 2651] director of the provincial Economic and Technological Cooperation Committee; Zhu Dianming, director of the provincial Scientific and Technological Commission; Wang Dehu [3769 1795 4375] director of the provincial Statistical Bureau; Xue Changrong [5641 2490 2837] director of the provincial Price Bureau; Tian Fen [3944 2780] director of the provincial Auditing Bureau; Zhang Rende [1728 0088 1795] director of the provincial Industrial and Commercial Administrative and Management Bureau; Zhao Jicheng [6392 0679 2052] director of the provincial Financial Department; Liu Guoyu [0491 0948 3768] director of the provincial Supply Bureau; Yang Ruihua [2799 3843 5478] director of the provincial Machinery Industrial Commission; Lu Yunfang [0712 5089 2455] director of the provincial Metallurgical Industrial Department; Guan Shiqing [7070 1102 7230] director of the provincial Light Industrial Department; Zhao Yang [6392 7122] director of the provincial Communications Department; Yan Jingchun [7051 2529 2504] director of the provincial Commercial Department; Yao Bing [1202 0365] director of the provincial Construction Commission; Yang Dechang [2799 1795 2490] director of the provincial People's Air Defense Office; Sun Juping [1327 1446 1627] director of the provincial Foreign Economic Relations and Trade Department; Wang Enshan [3769 1869 1472] director of the provincial Department of Agriculture, Animal Husbandry and Fishery; Wang Xicai [3769 1585 2088] director of the provincial Land Management Bureau; Wang Cai [3769 2088] director of the provincial Water Resources Department; Zhang Zhande [1728 0594 1795] director of the provincial Forestry Department; Liu Gongping [0491 0361 1627] director of the provincial Education Commission; Han Fulin [7281 4395 2651]

director of the provincial Media and Publications Bureau; Zhang Yulin [1728 3768 2651] director of the provincial Cultural Bureau; Wang Chongyi [3769 1504 0001] director of the provincial Public Health Department; Zhang Fuquan [1728 4395 2938] director of the provincial Radio and Television Department; Liu Haiyun [0491 3189 0061] director of the provincial Culture and Sports Commission; Hu Chengquan [5170 2052 0356] director of the provincial Judicial Department; Ma Shimin [7456 1102 3046] director of the provincial Security Department; Wang Baocheng [3769 1405 2052] director of the provincial Personnel Affairs Bureau; Xu Wenzheng [1776 2429 2398] director of the provincial Department of Supervision; Wang Yaochen director of the provincial Foreign Affairs Office; Wang Chengzhi [3769 2110 1807] director of the provincial Overseas Chinese Affairs Office (concurrent post); Xie Yuzhuo [6200 3768 3820] director of the provincial Archives Bureau; Shu Jingxiang [5289 2529 4382] director of the provincial Nationalities Affairs Commission; Feng Xingyi [7458 5281 5030] director of the provincial Forestry Industrial General Bureau; and Liu Chengguo director of the provincial State Farms General Bureau.

The provincial People's Congress Standing Committee has also decided to appoint Li Zhijian vice chairman of the Financial and Economic Committee of the provincial People's Congress and Jiang Ruishan [1203 3843 1472] member of the Nationalities, Overseas Chinese Affairs and Foreign Affairs Committee of the provincial People's Congress; to remove Li Zhijian from his post member of the Financial and Economic Committee of the provincial People's Congress; and to appoint Dai Zhiqiang [2071 1807 1730] vice president of the provincial Higher People's Court.

Heilongjiang Holds Party Presidium Meeting
SK0306040588 Harbin Heilongjiang Provincial
Service in Mandarin 2100 GMT 2 Jun 88

[Text] The Presidium of the sixth Heilongjiang provincial party congress held its second meeting on the morning of 2 June. The meeting was presided over by Comrade Sun Weiben. Zhou Wenhua, secretary general of the congress, reported on the delegates' opinions concerning the examination of work reports of the fifth provincial party committee, Advisory Commission, and Discipline Inspection Commission. Comrade Wang Haiyan explained the suggested namelists of candidates for the election of members and alternate members of the sixth provincial party committee, and members of the provincial Advisory and Discipline Inspection Commissions. The Presidium meeting will adopt the suggested namelists for the election, the draft election method, and the draft method for the elections of ballot supervisors and the chief supervisor, and will submit them to all delegates for consultation and discussion. These namelists and draft methods will be approved by all delegates at a meeting.

The namelists of candidates for the posts of members and alternate members of the provincial party committee and for the posts of members of the provincial Discipline Inspection Commission will be decided through preliminary elections with more candidates than posts. After that, formal elections with an equal number of candidates and posts will be held. Members of the provincial Advisory Commission will be elected from an equal number of candidates and posts.

Jilin Holds Party Standing Committee Meeting
SK0306043588 Changchun Jilin Provincial Service
in Mandarin 2100 GMT 2 Jun 88

[Text] On the afternoon of 27 May, the Standing Committee of the fifth provincial party committee held its first meeting to discuss and approve the regulation on strengthening the self-improvement of the Standing Committee of the provincial party committee, and the work regulation of the Standing Committee of the Jilin Provincial CPC Committee for trial implementation. It decided that beginning in the second half of this year, large-scale discussions will be held on the criterion of productive forces among the party members and cadres throughout the province.

All the members of the Standing Committee of the provincial party committee attended the meeting. Leading comrades of the provincial Advisory Commission, People's Congress, government and CPPCC Committee, and major responsible comrades of the various departments and committees under the provincial party committee, the provincial Trade Union Council, CYL committee and Women's Federation attended as nonvoting delegates.

Comrade He Zhukang presided over the meeting.

The regulation on strengthening the self-improvement of the Standing Committee of the provincial party committee, which was discussed and approved at the meeting, urges: Members of the Standing Committee of the provincial party committee should conscientiously study the basic Marxist theory, continuously raise their theoretical level and their level in understanding policies, adhere to the principle of democratic centralism, and take the initiative in joining the dual regular activities of the organization. The Standing Committee should hold democratic meetings at regular intervals to conduct criticism and self-criticism, and its members should attend the democratic meetings held by the party branches or the leading party groups to which they belong to subject themselves to the supervision of party members. Members of the Standing Committee should change their workstyle and improve their work methods. In general, they should spend at least 3 months every year conducting investigations and study at grassroots levels. They should remain fair-minded, honest and upright, maintain the workstyle of plain living and arduous struggle, be modest and prudent, handle their work impartially, and refrain from taking gifts, attending

parties and abusing power for selfish interests. When going to other areas on official business, they should go in a simple manner with few accompanying people, avoid welcome and farewell parties, and get accommodation and meals according to stipulations.

The regulation also calls on the members of the Standing Committee of the provincial party committee to set strict demands on their children, relatives and personnel working at their side, and educate them to abide by discipline and law and seek no privileges.

The discussed and approved work regulation of the Standing Committee of the provincial party committee maps out specific stipulations concerning its functions and responsibilities, the systems for its meetings, the systems for examining and approving documents, and the systems for official activities. The regulation states: From now on, the secretary and deputy secretaries of the provincial party committee shall not attend work meetings, specialized meetings and forums held by the various departments of the provincial party committee except on special occasions. With regard to the specialized meetings held by the provincial party committee, and the important provincial meetings held by its various departments, they will be attended by the secretary, deputy secretaries or standing committee members in charge of the related work, and other responsible persons of the provincial party committee not related to the meetings should not attend. From now on, in general, meetings and activities will not be sponsored jointly by the provincial party committee and government, and except on special occasions, responsible comrades of the provincial party committee will not attend to give speeches, meet people, cut ribbons, inaugurate and have pictures taken at the exhibitions and academic and celebrating activities held by government departments, academic organizations, education and scientific research units, enterprises and institutions.

The meeting also decided that in order to further change the people's ideas, emancipate their minds and accelerate reform and construction, large-scale discussions on the criterion of productive forces will be held province-wide beginning in the second half of this year. The meeting noted: In emancipating the mind, it is first of all necessary to emancipate the minds of leading persons. Therefore, the discussions should be held first among party members and cadres of the departments at various levels. We should conduct investigations and study in line with the actual conditions of our own localities to gear the discussions to the need to develop productive forces, and solve practical problems in the economic development of various localities.

The meeting urged press units to publicize the discussions and rally public support for them, and arouse the spirit of the people of various nationalities throughout the province to work hard for the comprehensive revitalization of Jilin.

Japanese Telecasting Delegation Arrives in Jilin
*SK0206042288 Changchun Jilin Provincial
Service in Mandarin 210 GMT 1 June 88*

[Text] At the invitation of the Jilin Foreign Cultural Exchange Center, a four-member Japanese delegation led by Y. Ayoma, president of the Yomiuri Telecasting Corporation, paid a visit to our province from 29 to 30 May.

Y. Ayoma is a noted figure of the Japanese press circles. He has done much work to promote friendship between China and Japan. In 1985, he began cultural exchange activities with our province.

When they arrived in Changchun that evening they were met with and feted by Gu Changchun in the capacity as adviser of the provincial Foreign Cultural Exchange Center.

On the evening of 1 June, Wang Zhongyu, deputy secretary of the provincial party committee, vice governor, and director of the provincial Foreign Cultural Exchange Center, met with the Japanese friends and attended their return banquet.

Yin Yuanxuan, deputy director of the provincial Foreign Cultural Exchange Center, accompanied President Y. Ayoma and his entourage during their visits and sight-seeing and discussed the issues of future cultural exchanges with them.

More Private Firms Open in Liaoning Capital
*OW0206221888 Beijing XINHUA in English
1118 GMT 2 Jun 88*

[Text] Shenyang, June 2 (XINHUA) — Shenyang, the capital of Liaoning Province, has seen the city's private enterprises increase from 100 to 2,103 during the past five months.

According to a local official, these enterprises employ 31,000, list combined registered capital of 48.37 million yuan (13.07 million U.S. dollars), and deal in handicrafts, construction, transportation, commerce and catering.

More than 95 percent of these newly-set up private enterprises are located in the city's suburbs and are run by individuals, families and groups.

Some enterprises are newly built, some were existing village-run factories which have been contracted, and others are small state and collective firms which have been purchased.

This burst of private enterprises is a result of the country's ongoing rural economic reform. Thanks to the reform, a large surplus labor force has surfaced which includes many talented individuals.

Shenyang's private enterprises are helping to boost urban and rural economy. One gear factory in the city's Dongling District, which employs 30, has scored output value of more than one million yuan (270,000 U.S. dollars) and made profits worth 300,000 yuan (81,100 U.S. dollars) over the past two years.

Shenyang is one of China's outstanding pioneers in reform, and at the beginning of this year, introduced policies to encourage more private enterprises.

Liaoning Adopts Joint Factory Administration
*OW0106152888 Beijing XINHUA in English
1341 GMT 31 May 88*

[Text] Shenyang, May 31 (XINHUA) — The adoption of "one factory and two systems" has been a profitable experience for the Liaoyang Printing and Dyeing Mill here in the capital of northeast China's Liaoning Province.

The mill had suffered heavy losses for years, but since it incorporated a jointly-owned administration system, along with the state-owned administration system in its management, profits have begun to roll in.

Last July, the mill, which had suffered a loss of 2.13 million yuan in 1985 and in 1986, invited 4 experts from Hong Kong to run the workshop and laboratory.

The four were given powers to decide on equipment, staff, production orders, wages, and bonuses.

In only half a year since then, the mill earned 850,000 yuan in profits. It has also earned 800,000 U.S. dollars in the export market, something it hadn't tried to develop before.

This year, the mill has signed contracts to export 10 million meters of printing and dyeing cloth, around 80 percent of its total annual production.

Li Changchun, governor of the province, said after an inspection of the factory that "one factory and two systems" is a good way to make use of foreign investment and train workers.

An official in the province's foreign trade department said 100 foreign experts will be invited to work in 70 enterprises in the province this year.

Northwest Region

Ningxia To Use Foreign Funds in Coal Mine
*HK0206113388 Beijing CEI Database
in English 1 Jun 88*

[China Economic Information (CEI) Database]

[Text] Yinchuan (CEI)—Ningxia Hui Autonomous Region intends to expand the production of Lujigou coal mine by making use of foreign capitals.

The mine, with a designed annual output capacity of 900,000 tons, has three mining zones. It had a reserve of 250 million tons by the end of 1984. The mine is famous for its "taixi coal", a kind of high-grade anthracite that has a brisk market in Southeast Asia and Europe.

It is planned to increase the annual output from the present 900,000 tons to 1.5 million tons. The investment needed is 75 million yuan. Foreign capital may join in the form of loans, compensation trade, or any other forms.

Ningxia Training Arabic Translators
OW0106153388 Beijing XINHUA in English
1217 GMT 31 May 88

[Text] Yinchuan, May 31 (XINHUA) — The Ningxia Hui Autonomous Region, known as "China's Muslim province", is actively training Arabic translators to meet the urgent need of its increasing economic, technical, and cultural exchanges with Arabic countries. The region's government has initiated a two-track training system which encourages some university students to study in Pakistan and Egypt as Arabic majors, while others study in a specially-established Arabic school at home.

As a result of its efforts in the last 3 years, the first 46 students will graduate from the Ningxia Arabic School in June. They will be sent to work in foreign affairs, foreign economic relations, and religious departments as well as schools in the region.

People of the Hui nationality, or Chinese Muslims, number more than 7 million, 1.4 million of whom reside in Ningxia. They generally communicate in the standard Chinese language, however, reserving their traditional tongue for religious occasions.

The school was set up in 1985 in Tongxin County in a bid to ease the shortage of Arabic speakers. It covers an area of 2.5 hectares and enrolls a total of 91 students chosen from Muslim high school graduates. The curriculum includes courses in Arabic, modern Chinese, composition, Arabic history, basics of Islam, political economy, philosophy, and theories on ethnic groups. Major courses are taught by professors, associate professors, and professional translators from Xian and Beijing.

"Because Arabic is closely related to the students' mentality, religious beliefs, and lifestyle, they study very hard," said Yang Liwu, president of the school, adding that, during their school years, students participate in various religious activities.

Each student receives a monthly subsidy of 22.5 yuan, and an additional sum is provided for those facing financial difficulties. All their medical expenses are covered by the state.

The school is popular among the local people and has received support from local governments. The number of applicants to the school usually far exceed the number of spaces available. As a result, the Tongxin County government and the region's Nationality Affairs Committee have constantly allocated more funds for expanding the school's facilities.

Seventeen of this year's graduates have already obtained jobs. Two have been employed by the State Physical Culture and Sports Commission as interpreters working in Egypt and Kuwait. Another student has been hired by a Ningxia company as its chief interpreter on a joint construction project with Egypt.

The World Islamic Development Bank has provided the school with some 790,000 U.S. dollars for its expansion. With the donation, the school will build a 6,100-square-meter modern complex with teaching and office buildings, student dormitories, an apartment building for teachers, a mosque, and a library.

Enrollment will be expanded after the project's completion, President Yang Liwu said.

Shaanxi Elects Congress Leaders, Vice Governors
HK0206032588 Xian Shaanxi Provincial Service
in Mandarin 2330 GMT 1 Jun 88

[Excerpts] The First Session of the Seventh Shaanxi Provincial People's Congress held its ninth full gathering on 1 June. The session elected the vice chairmen of the provincial People's Congress Standing Committee and the vice governors. Sun Kehua, Yu Ming, Xiong Yingdong, Liu Lizhen, Wei Minghai, Tao Zhong, Mao Shengxian, (Chen Xuejun), (Gao Lingyuan), and (Wan Jianzhong) were elected vice chairmen of the provincial People's Congress Standing Committee. Xu Shanlin, Sun Daren, and (Wang Shengxi) were elected vice governors. [passage omitted]

Commentary Discusses 20 May Peasant Unrest
HK0206141088 Beijing ZHONGGUO XINWEN SHE
in Chinese 0620 GMT 31 May 88

[Commentary by reporter Wang Jie (3769 2212): "It Takes More Than One Cold Day for the River To Freeze 3 Feet Deep — Commenting on Police Suppression of 20 May Taiwan Peasants' Demonstration"]

[Text] Beijing, 31 May (ZHONGGUO XINWEN SHE)—On 20 May, the peasant demonstration initiated by the Taiwan "Yunlin Society for Promoting Peasants' Rights" was suppressed by "riot" police of the authorities concerned after 24 hours of severe and fierce clashes. Some 200 people were injured and some 100 arrested. This incident is regarded as the most serious one involving bloodshed in the 40 years since the "28 February Incident."

When the situation calmed down, public opinion was aroused on the island: some called for treasuring social stability, some criticized the improper handling of this incident by the authorities, some demanded a just handling by the authorities, and some analyzed the fundamental causes of this incident along the lines of "drawing a lesson from bitter experience."

In general, the public considered the "20 May Incident" a great explosion of the Taiwan peasants' long-term grievances. Over a long period, Taiwan's agriculture has been threatened by "inherent short-comings and the lack of proper care"—small arable area, and inappropriate agricultural policy. In addition, the economic internationalization and economic liberalization policies adopted by the authorities concerned, and the policy of giving up agricultural protection adopted by the authorities concerned over the past several years, and the permitting of substantial importation of agricultural products have seriously damaged Taiwan's agriculture. As a result, Taiwan's agriculture has declined, it is badly managed, and cannot withstand foreign pressure.

An official of the Agricultural Commission of Taiwan's "Executive Yuan" pointed out frankly: At present, the peasants in Taiwan are in a different position when they are disturbed by "domestic troubles and foreign invasion." The so-called "domestic troubles" refer to serious exploitation in the course of operation; and to the "fruit pest," "rice pest," and "vegetable pest" that always damage the crops. The so-called "foreign invasion" refers to the fact that Taiwan is compelled to import foreign agricultural produce, thus damaging seriously the island's agriculture. Over the past few years, because the market has been flooded with foreign cigarettes, wine, chicken, meat, fruit, and grains, Taiwan's cigarette and wine industry has been damaged; chickens and eggs are difficult to sell; and baskets and baskets of fruit have had to be thrown into the river, or allowed to "die" in the orchard.

Under such circumstances, the peasants are struggling in "disappointment and hopelessness." Over the past 6 months, there have been several large scale demonstrations. In December 1987, 5,000 fruit growers of the whole province gathered in front of the "Legislative Yuan" protesting against the large volume of fruit imports. They put forward the slogan: "Leave a mouthful of rice for Taiwan's fruit growers to eat." In March this year, 2,000 chicken-raising farmers brought along large quantities of live chickens, and eggs to the "national foreign trade bureau," protesting against the importation of U.S. chicken meat. The clash lasted for 7 hours and live chickens were flying around the ground and the remains of broken eggs were scattered everywhere. In the "20 May Incident," there was a large banner saying "Have you noticed that the peasants are bleeding?" And the slogan "A drop of blood for a grain of rice, nobody cares about the peasants' difficulties" was also being cried out.

Public opinion considers that in such a situation, it is difficult to stop the peasants, who are unarmed and want to air their grievances, and often "use lemons as grenades, make live chickens into airplanes, use chicken eggs as bullets, and use ploughs as chariots," from clashing with fully-armed police. They also point out that, in this incident, stones were used to fight against water hoses; and this incident is an "up-graded" resistance. In the future, an escalation in which "sickles and hoes" would be used to resist gas guns could emerge.

Therefore, Taiwan's peasant movements are neither a transient impulse nor instigated by a few people, but are the result of deep and long-term social and complex objective causes. One peasant leader of the "20 May Incident" said: "The drops of peasants' blood left on the streets are just another symbol of the wasting of much peasant blood over a long period."

The masses of Taiwan people demand social stability. Their mood can be understood. It is also inevitable that economic development requires a stable social environment. However, the Taiwan authorities concerned regarded this demonstration as a political affair, and asserted that this "rebellion" was instigated by a small number of people. Simple violent means were adopted to solve this complicated problem. Not only was it an inappropriate method, it was also ineffective. As some people in Taiwan pointed out: The decline of Taiwan agriculture is reaching a crisis, making their lives unstable. Therefore, the peasants take to the streets looking for a way out, and the "origin of disorder" is formed. This "origin of disorder" should be solved and removed by appropriate economic policies and so on. If only "judicial" means are adopted, only a temporary solution can be brought about, and the problem cannot be permanently solved. In particular, the authorities concerned at present are carrying out "political reform." Therefore, besides judicial means, the two supports—"political wisdom and social concern"—should also be adopted to solve the problem.

Taiwan Allows Servicemen To Travel Abroad
HK0306044688 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1146 GMT, 31 May 88

[Report: "Taiwan Has Decided To Allow Its Servicemen To Travel Abroad"]

[Text] Hong Kong, 31 May (ZHONGGUO TONGXUN SHE)—News From Taipei: Yesterday, Taiwan's "Ministry of Defense" announced its decision to allow servicemen to travel abroad for sightseeing purpose from 1 July onwards.

Taiwan's "CHUNGYANG JIHPAO" [CENTRAL DAILY NEWS] today reported that after studying carefully the case of "allowing servicemen to travel abroad for sightseeing purposes," the "Ministry of Defense" has decided to deal with the case according to the "Regulations Governing Citizens Applying for Traveling Abroad for Sightseeing Purposes." The specific measures for allowing servicemen to travel abroad for sightseeing purpose will be submitted to the "Executive Yuan" and the "president" for examination and approval. It is hoped that the relevant measures will be promulgated officially and implemented on 1 July of this year.

It is reported that it was because many members of Taiwan's "Legislative Yuan," the ordinary people in Taiwan, and Taiwan's military personnel had demanded repeatedly that the authorities lift the ban on servicemen traveling abroad for sightseeing purpose that the relevant authorities finally made the decision to allow servicemen to do so. However, it is reported that the authorities will impose certain restrictions on the frequency of overseas travel by military personnel who have access to Taiwan's military secrets; the detailed measures will be announced soon. The Taiwan authorities had not allowed its servicemen to travel abroad for sightseeing purpose before this decision was announced.

Special Mainland Visit Policy Group Established
HK0206052688 Beijing ZHONGGUO XINWEN SHE
in Chinese 1257 GMT 30 May 88

[Report: "Taiwan Executive Yuan Sets Up a 'Group Specially in Charge of Mainland Relative Visit Policy'"]

[Text] Hong Kong, 30 May (ZHONGGUO XINWEN SHE)—Information from Taipei: Taiwan "Executive Yuan" recently set up a "group specially in charge of the mainland relative visit policy." The "deputy director" is the convener of this group. It plans to hold a meeting this week to evaluate the questions concerning the policy of allowing people to visit relatives in the mainland, which has been implemented for 6 months, and to estimate and revise continual measures.

According to today's report in "CHUNGYANG JIHPAO" [CENTRAL DAILY], in order to estimate and revise the mainland relative visit policy in a deep manner, the "Executive Yuan" has already requested the units in charge of the departments concerned with this policy to first evaluate this policy and to give suggestions. At present, the "Home Affairs, "Economic, Legal Affairs, and Education Ministries" have finished writing their reports.

The "Home Affairs Ministry" mainly proposed relaxing the relative visit constraints on near relatives and people who hold public office. The "Economic Ministry" suggested relaxing the constraints on the importation and entrepot trade of mainland products.

The "CHUNGYANG JIHPAO" said that since the Taiwan authorities allowed people to visit relatives in the mainland, many practical problems in the cultural, legal, political, moral, economic, and commercial aspects and so on have emerged. This special group is preparing to convene a meeting this week for discussion and communication. On one hand, it will try to solve the various problems. On the other hand it will try to study whether it is possible to adopt a more open policy.

Editorial Criticizes Mainland Executions
OW0306045588 Taipei CHINA POST in English
28 May 88 p 4

[Editorial: Peking's Wanton Execution of Criminals]

[Text] Peking has resorted to wanton execution another batch of alleged criminals by the summary killing of 16 murderers, rapists and violent robbers Tuesday after their sentencing by the city's intermediate people's court. [sentence as published]

Such a summary execution with out giving the alleged criminals any chance to appeal shows the Peking regime's drastic violation of human rights on the Chinese mainland.

The 16 alleged criminals were executed for their alleged criminal deeds committed during the last two years. They were youths in their twenties who were sentenced before an audience of several hundred at a public trial.

Such public trials are a regular feature of the Peking regime's judicial system aimed at intimidating the people not to violate the law. But they are often used for the purpose of political retribution against the dissidents. The system represents the lawlessness of the Chinese mainland society.

Public trials have claimed the lives of countless thousands, or even millions, of innocent Chinese people on the mainland. They were ruthlessly carried out during the Mao era and by subsequent Chinese Communist dictators.

The resumption of such lawless trials shows the hypocrisy of Teng Hsiao-ping's era in introducing political and economic reforms. It belies all his pretensions for reforms and opening to the outside.

Recent agitations caused by the arrest of four Tibetans by the Chinese Communist authorities could lead to a similar fate for the four prisoners. Various demonstrations and appeals in India have not yielded the desired results. It is quite possible they would be put to death by the Peking regime at any moment.

Such barbaric practice of wantonly killing prisoners should be the subject of intervention by the Amnesty International with the Chinese Communist authorities. It should try to save the lives of the four Tibetans charged with the crime of killing a Chinese Communist policeman on March 5 during the Lhasa riots and who are now in the hands of the Tibetan authorities.

Moreover, many monks are confined in prison by the Chinese Communist authorities. A Tibetan prison warden in Lhasa admitted recently that hundreds of protesters were jailed and their fate unknown.

The U.S. Congress has expressed keen concern at the human rights situation in Tibet. It should ask the Chinese Communist authorities to give the Free World a detailed description of the present situation.

Peking's latest execution of criminals is but a reminder of the lack of a proper judicial procedure to protect the Chinese people on the mainland. It should be condemned by all the freedom-loving people everywhere and not silently condoned.

Government Reviewing Policy on Trade With Mainland
OW0106024588 Taipei CHUNG KUO SHIH PAO
in Chinese 24 May 88 p 1

[Text] The government's decisionmaking units are now considering further readjustment and relaxation of our economic and trade policy toward the mainland. To cope with the new economic and trade situation brought about by the lifting of restrictions on family visits, it is learned that relevant decision-making units of the government are considering further review of and relaxing of the policy toward the mainland based on the current framework of the "three no's" principle.

An authoritative senior official revealed on 23 May that relevant units are now jointly and intensively drafting the economic and trade measures on further relaxation of economic and trade policy toward the mainland as advanced by economic and trade decisionmaking units. These measures are due for comprehensive review in late May or early June.

It is learned that to cope with new changes, economic and trade units have, since the beginning of this year, carried out a comprehensive study and analysis of the economic, trade, and investment relations between the two sides of the strait deriving from family visits, focusing on various phenomena as well as positive and negative impact of such relations.

Units chiefly involved in this study and reviewing work are the Ministry of Economic Affairs, Board of the International Trade, Department for Investment, and Chung Hua Economic Research Institute, a semiofficial financial group corporation. A preliminary review of the indirect economic and trade relations between local businesses and the mainland carried out recently by relevant units shows that some of these relations, as a matter of fact, are positively beneficial to our side; thus calling for the need for further amendment and freer interpretation of the existing laws and regulations.

Weinberger on U.S. Support for Defense System
OW0306045188 Taipei CHINA POST in English
29 May 88 p 8

[Text] Former U.S. Defense Secretary Caspar Weinberger said yesterday the United States will continue to provide for Taiwan's security and that he was impressed with the development of sophisticated weapons here.

"The United States works within the framework of the Taiwan Relations Act and will continue to do so," Weinberger told a pre-departure news conference at the end of a four-day visit.

He had come to Taiwan at the invitation of Gen. Hau Pei-tsun, chief of the general staff.

He said the United States has fulfilled its obligations to support Taipei's defense with a commitment of roughly US\$750 million in weapons sales this year.

"The capabilities and weapons systems developed here are quite remarkable I was very much impressed by the equipment and the work being done there (the military-run Chung-shan Institute of Science and Technology)," the former pentagon chief said.

"A strong, protected, safe country comes before all else Defense spending is not as popular as some other programs....I may be prejudiced on this point, but peace through a strong deterrence is the prerequisite for the atmosphere and conditions for development," he said.

Local newspapers have reported that Washington recently agreed to let several U.S. companies transfer technology here, so Taipei could build a new fleet of frigates to replace obsolete warships.

Weinberger, however, said he was not aware of any "particular (American) participation or transfer of technology" for Taipei to upgrade its weapons systems.

Weinberger refused to comment on media reports that the Chungshan Institute develops nuclear weapons, which Taipei has denied.

When asked about advice he gave to the Defense Ministry, Weinberger said, "I'm modest about my abilities to give advice and wouldn't offer any to a government as successful as this one."

Communications Minister Visiting U.S.
OW0206090688 Taipei CNA in English 1007 GMT
1 Jun 88

[Text] New York, May 31 (CNA) — Communications Minister Kuo Nan-hung of the Republic of China [ROC] left for Washington, D.C. after a three-day stay in New York to attend the 1988 annual convention of the Chinese-American Academic and Professional Society.

Kuo was presented with an "achievement award" by the association at a dinner Sunday after the two-day convention concluded at the Vista International Hotel in the World Trade Center. He gave a keynote speech at the dinner on the development and the current situation of the communications construction in the ROC.

Kuo also said he was deeply impressed by the construction of highways in the U.S. and the New York port. He disclosed that the ROC's flag carrier, the China Airlines, will soon undergo a major reform.

He arrived in New York on May 29 after attending the Ninth South American Symposium on Science and Technology in Houston.

Customs To Crack Down on Illegal Farm Imports
OW3105120388 Taipei CNA in English 0309 GMT
31 May 88

[Text] Taipei, May 31 (CNA) — Customs of the Republic of China [ROC] will beef up efforts to crack down on the smuggling of farm produce into the nation, Premier Yu Kuo-hua said Monday.

The prices of some locally-grown farm products have plunged recently because a handful of businessmen have smuggled farm products into the nation under legal cover, Premier Yu said.

This practice should be stopped since caring for local farmers is the governments established policy, Premier Yu said while receiving the ninth mayor and magistrate goodwill mission of the Republic of China at the Executive Yuan.

The goodwill mission, led by Taipei Mayor Hsu Shui-teh, will attend the 1988 conference of U.S. mayors meeting to be held in Salt Lake City, Utah.

In addition to inquiring about the American mayors meeting, the premier hoped that during their stay abroad, members of the mission will enrich communications with Overseas Chinese and Chinese graduate students studying in the U.S.

Yunlin County magistrates Hsu Wen-chih and Nantou County Magistrate Wu Tun-yi also briefed Premier Yu about the agricultural problems facing the nation.

Other members of the ROC goodwill mission included Chen Keng-chin, magistrate of Taichung County; Huang Shih-cheng, magistrate of Changhua County; Cheng Lieh, magistrates of Taitung County; and Hsinchu Mayor Jen Fu-yung.

New Commercial Offices Planned Abroad
OW2705053488 Taipei CNA in English 0330 GMT
27 May 88

[Text] Taipei, May 27 (CNA) — The Government of the Republic of China [ROC] is planning to open new commercial offices in Egypt, Greece, Mexico, Portugal, and Brunei in order to cement the nations trade relations with these countries, Economics Minister Li Ta-hai said Thursday.

The government has acknowledged that in the current international economic and trade situation, the nation must accelerate market diversification efforts in order to lessen its heavy dependence on the U.S. market, Li told a Taipei seminar of industrial leaders.

To encourage ROC investment willingness, which has declined steadily in recent years, the minister said the government will offer increased incentives and remove barriers that may hinder investment.

Li attributed the declining investment willingness to changes in economic conditions, which he said are inevitable as the ROC goes through a period of transition and as competition grows from the opening of the local market to foreign products and businesses. He admitted, however, that the government is partly to blame for failing to update relevant laws and regulations in order to meet the changing times.

He urged ROC businessmen to have confidence in the nation's future economic development and to continue investing in new industries instead of wasting their money in speculative deals.

On the government's part, Li said, the Economics Ministry will expand public investment to stimulate economic development, reform the taxation system to improve the investment environment, and liberalize the financial market so as to increase its support of many industries.

The government is also committed to streamlining administrative processes, revising outdated regulations and laws, and easing restrictions on businesses so they can meet current needs and help local businessmen weather the difficulties facing them, he noted.

In addition, the minister said, the government is seeking to attract more U.S. companies to invest in ROC in the hopes that they will help upgrade the nation's technological levels and that the nation will become an Asian production and product distribution center for U.S. companies.

The government is also encouraging ROC companies to invest in American industries, especially those involving advanced technology, in order to gain access to more know-how and to improve the trade imbalance between the two countries.

Foreign Minister on Promoting Latin American Ties
OW0206064388 Taipei CNA in English 1045 GMT
1 Jun 88

[Text] Taipei, June 1 (CNA) — Foreign Minister Ting Mou-shih said Wednesday that the Government of the Republic of China will promote substantive relations with Central and South American countries in an even more "active, positive and aggressive" manner.

Reporting on his recent visit to three Latin American countries at a meeting of the Legislative Yuan's Foreign Affairs Committee, Ting said that the government will use the planned Overseas Economic Development and Cooperation fund to help Central and South American nations develop their economies in order to counter Communist China's united front offensive in the region.

Ting said that Peiping has taken many measures to promote its ties with Latin American countries, including ideological publicity, providing no-interest loans, making "political" purchases, offering small favors to leftist political parties, inviting Latin American officials to visit the China mainland and expanding contact with those countries through international organizations. In the face of the increasing Communist Chinese presence in the region, Ting said that the Ministry of Foreign Affairs will coordinate with other government agencies to encourage local companies to invest in Latin American nations and help them upgrade their industry and technology.

The minister also reported that despite current disputes between Panama and the United States, the nation's relations with Panama have remained normal. Ambassador Soong Chang-chih has kept close contact with Panamanian private and public sectors," Ting noted.

General Kuo Appointed New Chief of Staff
OW0206092988 Taipei CNA in English 0202 GMT
2 Jun 88

[Text] Taipei, June 2 (CNA) — Gen. Kuo Ju-lin assumed his new post as personal chief of staff to the president Wednesday, succeeding Gen. Wang Chin-hsi who retired, in a ceremony at the presidential office.

Shen Chang-huan, secretary general to the president, who was the a witness at the ceremony, praised Gen. Wang for his outstanding contributions to the Republic of China during his term, and also gave a warm and sincere welcome to Gen. Kuo.

Minister Urges Public 'To Renounce Violence,'
OW0206093188 Taipei CNA in English 0148 GMT
2 Jun 88

[Text] Taipei, June 2 (CNA) — Interior Minister Wu Po-hsiung Wednesday reaffirmed the government's determination to maintain law and order, and called on all the people of the Republic of China [ROC] to renounce violence and to support the government in order to ensure social stability and harmony.

Reviewing the "May 20 incident" at a joint meeting of the Legislative Yuan's Interior and Judiciary Affairs Committees, Wu said the unfortunate incident has provoked much public concern and has cast a cloud on the ROC's political and economic development.

He said he regretted that some press reports had distorted the incident into a police-civilian confrontation. The main goal of the police, he said, was to maintain public safety and well-being. In the process, Wu asserted, the police only dealt with those who broke the law and instigated acts of violence.

The minister pointed out that the ROC has made remarkable progress in political democratization and economic liberalization in recent years. Since the lifting of the emergency decree, society has been marred by disturbances. Street activities staged by various social groups have become increasingly common and some have erupted into violence. Wu noted that the government's current top priority is therefore to restore the dignity of public authority and to establish the rule of law so as to end acts of violence and to ensure the nation's continued economic and political development.

He reminded the public that the lifting of the emergency decree does not mean that the country is no longer threatened by the communists. In fact, he warned, both Communist China and some seditious groups intend to overthrow the ROC Government by instigating violent clashes in Taiwan. "We must therefore keep alert and watch whether there is an invisible hand behind the mass street activities here," he cautioned.

Wu noted that assemblies and street demonstrations are an important means for ordinary citizens to express their opinions but that when they exercise their rights, they must not infringe upon the rights of others or damage the public interest. From now on, he said, all those who take part in public meetings and street marches must not forget their social responsibilities while fighting for their rights. "They should make sure they are not fooled or misled by badly-motivated elements," Wu said.

Demonstrators Protest Stadium Construction
OW0106120988 Taipei International Service
in English 0200 GMT 1 June 88

[Text] Two groups staged protest marches on Monday over the construction of a stadium at the No 7 Park in Taipei. One was demanding that the stadium be established at the park, while the other protested against the idea. Both petitioned the Taipei City Council.

City Councilman (Hung Chun-shih) said because the privately owned China's Sports and Culture Center will soon be torn down, Taipei will be an international city without a first-class stadium. In order to promote sporting activities, (Hung) said, the government should establish the stadium at the park as soon as possible.

(Ming Hsin-ho), secretary general of the New Environment Foundation, said that there is already too little greenery in Taipei. Much of the land in other parks, (Ming) said, has been set aside for facilities such as museums and schools. The environmental protection leader said that his foundation will fight to preserve the

land for the No 7 Park, which will be the biggest and among the last green land in Taipei. Also, (Ming) said, the construction of a stadium at the park will cause traffic jams and environmental pollution in the neighborhood.

Executive Yuan Reorganizes State Offices
OW0106141388 Taipei CNA in English 0303 GMT
1 Jun 88

[Text] Taipei, June 1 (CNA) — A task force studying revisions of the Organic Law of the Executive Yuan has decided to place the National Youth Commission under the jurisdiction of the Ministry of Education instead of the Executive Yuan. Drafted revisions of the law are scheduled to be finalized in two weeks.

Vice Premier Lien Chan, convener of the task force, invited its members, including ministers without portfolio K.T. Li and Chang Feng-shu, to a meeting Tuesday, where the decision was made.

Meeting participants also decided to install one or two more deputy secretaries-general of the Executive Yuan and to increase the number of ministers without portfolio from between five and seven to between seven and nine.

In addition, they decided to expand the organization and upgrade the status of the Central Personnel Administration, the Government Information Office, the Directorate General of Budget, Accounting and Statistics, and the Environmental Protection Administration. No conclusion was made on whether to set up a ministry of sports or a central government agency in charge of mainland affairs as have been proposed by many. Vice Premier Lien has reportedly discussed a sports ministry with legislator Chi Cheng and is expected to make a final decision soon.

National Assembly Passes Record Budget
HK0106085888 Hong Kong AFP in English 0844 GMT
1 Jun 88

[Text] Taipei, June 1 (AFP)—Taiwan's parliament has approved a record national budget of 561.57 billion Taiwan dollars (19.63 billion U.S.) for fiscal 1988 which includes a large cut in defence spending, a parliament official said Wednesday.

Defence spending was slashed by 519 million Taiwan dollars (18.1 million U.S.) to 255.8 billion Taiwan dollars (8.94 billion U.S.) in the budget for the fiscal year beginning July 1 which was passed Tuesday after a two-month review.

But funding for defence, which has traditionally received the lion's share, still went up by 16.4 per cent to 45.5 per cent against a year earlier.

The defence cuts did not affect weapons purchases, only programs concerned with political warfare, uniforms, loans, and housing.

Expenditures for other major government branches included 8.37 per cent for the Finance Ministry, 7.15 per cent for the Education Ministry, 5.57 per cent for the Economics Ministry, 3.92 per cent for the Communications Ministry, and 1.37 per cent for the Foreign Ministry.

Funds for the Communications Ministry were cut by 11.3 per cent after legislators tightened government subsidies to the national carrier, China Airlines, for the purchase of commercial aircraft and other projects.

The deficit budget narrows the shortfall to 128.79 billion Taiwan dollars (4.5 billion dollars), still one of the highest red ink figures in years. The deficit will be financed by issuing government bonds.

A 4.9 per cent cut in the budget for the National Assembly—one branch of the tri-cameral legislature—triggered strong protests from assembly members.

Assembly members are empowered to elect Taiwan's president and vice president every six years and amend the constitution.

The allocation for the Economics Ministry was reduced by 4.8 per cent when parliamentarians reduced funds to bail out debt-ridden state-run Chinese Shipbuilding Corp. and cut financing for developing industrial zones, the parliament official said.

Parliament, which traditionally rubber stamps budget proposals from the cabinet, made significant reviews this year amid "rational and harmonious" coordination between the ruling Kuomintang and the opposition, parliament budget committee chairman Mo Chuan-yuan told reporters.

"We all have made progress ... making it clear to the cabinet that our national budget is no longer a close-ended one-way plan," he added.

Kang Ning-hsiang, the budget review committee coordinator of the opposition Democratic Progressive Party (DPP), said calls for parliamentary reform in a changing society had forced concessions from ageing legislators.

In a note attached to the budget, parliament urged the government to build its own warships instead of ordering them from South Korea, to reduce the size of the Armed Forces from 520,000 to 500,000 in five years, to shorten the length of military service, and to increase funds for education.

Hong Kong

Director Ji Pengfei Continues Official Visit

Tours Container Terminal

HK0306093388 Hong Kong HONGKONG STANDARD
in English 3 Jun 88 p 3

[By Winnie Fu]

[Text] China's most senior official on Hong Kong affairs, Mr Ji Pengfei, concluded his visit to a Kwai Chung container terminal yesterday morning full of praise for the territory's port facilities.

He said the facilities were "famous throughout the world" and Hong Kong could look forward to great development in the future as an open port.

Mr Ji, director of the State Council's Hong Kong and Macao Affairs Office, said he did not believe there would be any conflict of interest if China set up similar terminals along its coastal regions.

Mr Ji, who is also chairman to the Basic Law Drafting Committee, will stay for another eight days to encourage comments on the Basic Law draft.

But he declined to answer questions related to the Basic Law yesterday, saying the time was not right to comment.

A cheerful Mr Ji arrived in a black limousine at the entrance to the Kwai Chung Terminal Four ten minutes earlier than scheduled, and was greeted by Hong Kong magnate Mr Li Ka-shing, chairman of Hutchison Whompoa Ltd.

He was then shown into the main office building of Hong Kong International Terminals Ltd and was briefed personally by Mr Li on the future development of the terminal.

Staff members at the terminal demonstrated the use of a computerised system to control the loading of cargo. Later, Mr Ji was taken to an open area to watch the loading and unloading of cargo.

Accompanying him were his wife, Madame Xu Hanbing; his deputy, Mr Li Hou; and XINHUA NEWS AGENCY vice-director, Mr Zheng Hua. China's highest representative in Hong Kong, Mr Xu Jiatun, was not present.

Also at the container terminal were Secretary for Economic Services, Mrs Anson Chan, and Director of Marine, Mr Derek Hall, who represented the Hong Kong Government.

Mr Ji stayed for about one hour before he left for the Sha Tin Jockey Club to have lunch with the Financial Secretary, Mr Piers Jacobs.

Mr Jacobs briefed Mr Ji on the latest developments on Hong Kong's economic and financial affairs.

He also met the Secretary for Lands and works, Mr Graham Barnes, in the afternoon.

Mr Ji is the second most important visitor to come to Hong Kong from China recently. Last month, China's Vice-Premier, Mr Tian Jiyun, visited the territory for six days.

A delegation of mainland drafters, led by the drafting committee's vice-chairman, Mr Lu Ping, will arrive today to help solicit views on the Basic Law draft.

Attends Banquet

HK0306145488 Beijing XINHUA Hong Kong Service
in Chinese 1412 GMT 3 Jun 88

[Report: "Hong Kong Governor David Wilson Hosts Banquet in Honor of Ji Pengfei"]

[Text] Hong Kong, 3 Jun (XINHUA)—Tonight, Hong Kong Governor David Wilson and his wife hosted a banquet at the Governor's Residence in honor of Ji Pengfei, director of the State Council's Hong Kong and Macao Affairs Office, and his wife. The banquet proceeded in a harmonious and cordial atmosphere.

Also present at the banquet were Director Xu Jiatun and Deputy Director Qiao Zonghuai of the Hong Kong Branch of XINHUA NEWS AGENCY, Deputy Director Li Hou of the Hong Kong and Macao Affairs Office, Lu Ping, Chief Secretary Ford of Hong Kong Government, and Political Adviser Cliff.

Before the banquet, the two sides held a meeting, pointing out the need to further strengthen friendship and cooperation and to contribute to Hong Kong's continued stability and prosperity.

Ji Pengfei and his entourage arrived in Hong Kong on 1 June and have since visited the Kwai Chung Container Terminal and the Hong Kong International Airport. From tomorrow on, while continuing his Hong Kong visit as the guest of T. K. Ann, Chairman of the Hong Kong Basic Law Consultative Committee, Ji Pengfei will listen to the opinions of people from all walks of life in Hong Kong on the basic law draft which is for the solicitation of opinion and to their revision suggestions.

Securities Review Committee Publishes Report

HK0306090188 Hong Kong SOUTH CHINA MORNING
POST in English 3 Jun 88 pp 1, 2

[By business editor Stephen Leather]

[Text] The Government-appointed Securities Review Committee yesterday called for a complete overhaul of Hong Kong's financial markets and the setting up of a new independent securities watchdog.

The committee took the wraps off its 443-page report yesterday and it is a damning indictment of the territory's Stock Exchange, futures market and regulatory bodies.

The five-member committee, headed by former Lloyds of London chief executive Mr Ian Davison, accuses the Stock Exchange of being run as "a private club", slams the market watchdogs for losing effective control and criticises the Futures Exchange as "being built on shaky foundations".

The hard-hitting report says there was "a general absence of direction" at the Securities Commission and the Commodities Trading Commission.

"Rather than being high-powered watchdogs, they had been relegated in recent years to a passive and reactive role," said the committee.

The territory's 24-hour settlement system failed to work properly, there were "serious shortcomings" in the listing requirements and surveillance of members "was cursory" says the report.

But Mr Davison and his team save their most scathing comments for the pre-crash Stock Exchange which was controlled by former chairman Ronald Li, now on bail on a charge of accepting a share bribe before allowing a listing.

"An inside group treated the exchange as a private club rather than a public utility for the general benefit of members, investors and issuers," says the report.

"Its executive staff was ineffective, lacking adequate knowledge and experience to cope with the evolving and expanding securities industry."

The committee put forward 160 specific recommendations which it hopes will restore confidence in Hong Kong as a serious world financial centre.

It wants to see the Securities Commission, the Commodities Trading Commission and the Office of the Commissioner for Securities and Commodities Trading, replaced with a single, independent statutory body headed and staffed by full time experts and paid for by the market itself.

"It should be charged with ensuring the integrity of markets and the protection of investors," said the report.

"In particular it should ensure that the exchanges properly regulate their markets and should have extensive reserve powers to intervene if they fall down on the job."

One of the major changes suggested by the Davison report is that the powerful Stock Exchange management committee, presently dominated by local Chinese stock-brokers, should be opened up to outside experts and overseas brokers.

The committee should be renamed a council, reflecting the fact that management and execution of policy is to be left entirely to the chief executive, presently Mr Robert Fell, and his staff.

There should be 22 members of the council, of which 16 will be individual and corporate brokers, five will be independent members of whom at least one should be a director of a listed company and one a fund manager, and the chief executive.

Despite its sharp criticism of existing systems, the committee said it had rejected the idea of fundamentally changing them.

Instead, the report says it favours "building on existing systems, because the success of Hong Kong's financial services market depends largely on the healthy working of the free enterprise system which has demonstrated a dynamic capacity for promoting innovation and growth".

But the committee is calling for "a fundamental revision" of the internal constitution of the stock and futures exchanges and wants to see a staff of professional, independent executives brought in to carry out the policies of the exchange's governing bodies.

The committee is also calling for an extension to the Stock Exchange settlement period—the time in which investors must pay for their share purchases—from its present 24 hours to three days.

"With growing international interest and increased volumes, it is physically impossible to settle within 24 hours, particularly where the seller is an overseas institution because instructions have to be given in another time zone," it said.

The committee wants to reduce the share registration period from its current 21 days to 14 days initially and then to seven days, although it gives a high priority to the early development of a central clearing system, presently being formulated by Mr Fell.

The committee suggests that selling short be allowed for the first time in Hong Kong, although not until after the Stock Exchange and the regulatory authorities have been restructured.

Hong Kong's financial reputation was severely damaged by the events at its fledgling Futures Exchange after world stock prices fell.

The Futures Exchange had to be bailed out with a \$4 billion lifeboat fund after many brokers and clients found they were unable to pay their bills in the wake of last year's stock market crash.

After the rescue, master minded by United Kingdom merchant bank Hambros with contributions from the Hong Kong Government, big local banks and broking firms, the Government tightened controls on the exchange.

The Davison report recommends that trading continues on the Futures Exchange and in Hang Seng Index futures contracts, but with new safeguards.

The committee wants the clearing and guarantee system to be restructured to strengthen the risk management arrangements.

In particular they want the clearing house to become part of the Futures Exchange and suggests that a members' fund be set up to support the risks of clearing new contracts.

The committee also wants the authorities to get tough on shell companies.

PRC Firms Seek Stock Exchange Listings
HK0206051988 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 2 Jun 88 pp 1, 3

[By Cheung Lai-kuen]

[Text] Three subsidiaries of Yue Xiu Enterprises are to be floated on the Hong Kong stock market.

Yue Xiu, an official Chinese venture representing Guangzhou in Hong Kong, will arrange the flotations over the next three years, aiming to list one company a year.

The three companies to be listed are Asia Standard Development Holdings, Yue Xiu Finance Co and Yue Xiu Property Development Co.

Yue Xiu Enterprises already owns 50 percent of Hong Kong-listed toy manufacturing company Wah Shing Toys Consolidated.

Liang Shangli, chairman of Yue Xiu, said yesterday that the first to go public would be Asia Standard Development Holdings.

It is scheduled to be listed in late August or September, and Schroders Asia has been appointed as financial adviser.

Asia Standard will tap the market for about \$100 million, and the proceeds will be used to develop the company's land bank.

Asia Standard's main asset will be Ocean March Co, a joint venture between Yue Xiu and the Poon family.

Ocean March is a private local company which holds part of the Golden Plaza in Causeway Bay.

Other assets include an industrial building in Yau Tong, Kowloon, and a number of commercial and residential sites.

Yue Xiu will pass a Wan Chai hotel site it holds to Asia Standard.

More than 60 percent of the site is owned by Yue Xiu Enterprises and the remainder is held by Ho Sai-chu of Fook Lee Holdings.

Mr Liang said Yue Xiu and Mr Ho had agreed to develop the site into a three or four star hotel with 360 rooms. Construction is set to start this year and the planned completion is in 1990.

Mr Ho is to put his proportion of the hotel into Asia Standard.

He said the site was currently being evaluated, so no exact figure on the value of the hotel could be given

But according to recent hotel transactions, a three star hotel room was worth almost \$1.2 million, he added.

That means the value of the hotel would be more than \$400 million.

Ocean March's Poon family will hold majority shares in Asia Standard while Yue Xiu will be a smaller partner.

The second company to go public will be Yue Xiu Finance Co, which will be a joint listing.

Its planned listing has been postponed from this year to next year because of the stock market crash and the inappropriate investment sentiment.

Mr Liang said details would be arranged by Yue Xiu Finance, a subsidiary of Yue Xiu Enterprises.

The third company will be Yue Xiu Property Development. This company will be a joint venture between Yue Xiu Enterprises and the Chan family, in which the Chinese concern will be the majority shareholder.

There is still no working time table for the listing of Yue Xiu Property.

Its listing will depend on the climate of the stock market and the property market in the coming years.

If both stock and property markets enjoyed a boom next year, then 1990 would be the time for Yue Xiu Property to go public, Mr Liang said.

He said the Yue Xiu Building in Wan Chai, the headquarters of the company, would become part of Yue Xiu Property.

The company also had more than 20 sites in Hong Kong's Mid-Levels, eastern district, Kowloon and the New Territories, he said.

The company will increase its land bank if attractive sites become available.

Yue Xiu Enterprises will hold the majority shares in the property company, and it will be chaired by the management of Yue Xiu.

Mr Liang explained that Yue Xiu preferred to list subsidiaries in the form of joint ventures because there were difficulties in listing companies with purely Chinese capital on the Hong Kong Stock Exchange.

Listed companies needed to show at least five years of profit-making. Further, a company from a communist country might be hard for international investors to accept.

Chinese companies such as Yue Xiu wanted to obtain the listing experience, the channels to raise capital, and the ability to raise funds to help China's economic development, he said.

When a purely Chinese company listed on the Hong Kong stock market, it must have approval from the central government, Mr Liang said. No such case had ever happened.

He said Yue Xiu would get involved in more listings if it found other suitable targets such as Wah Shing Toys.

Guangdong Buys Into Major Communications Company
HK0206152988 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1430 GMT 31 May 88

[Text] Hong Kong, 31 May (ZHONGGUO TONGXUN SHE)—The Cable and Wireless Public Limited Company today announced that it has reached an agreement with the Guangdong Posts and Telecommunications Bureau on the sale of 10 million shares of Hong Kong Telecommunications, Ltd to the latter. The deal will be completed by 30 June 1988.

The agreement was signed by Li Yisheng [2621 6522 5110], director of the Guangdong Posts and Telecommunications Bureau, and M.G. Gale, director of Cable and Wireless (Far East), Ltd.

Commenting on the agreement, Sir Sharp, CBE, president of Hong Kong Telecommunications, Ltd and its parent company, Cable and Wireless Public Limited Company, pointed out: "This is the first time that a PRC provincial posts and telecommunications bureau has

bought shares of a foreign telecommunications company. It is a new example, following the ASIASEAT I Program jointly made by the China International Trust and Investment Corporation, Hutchinson Paging Ltd, and Cable and Wireless, to show the special relations between the PRC telecommunications authorities and Cable and Wireless. It also shows that the Chinese side is full of confidence in the structure, management, and future of Hong Kong Telecommunications, Ltd. I am very much gratified at this."

Hong Kong Telecommunications, Ltd was formed by the merger of Cable and Wireless (Hong Kong), Ltd; Hong Kong Telephone Company Ltd; and their subcompanies. It became a listed company on the Hong Kong stock exchange on 1 February 1988. If calculated according to its market value, Hong Kong Telecommunications is the biggest listed company in Hong Kong. The company also plans to make a further investment of HK\$30 billion in Hong Kong by the end of this century.

Guangdong Development Eases Local Labor Shortage
HK0106090788 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 1 Jun 88 p 3

[By Cheung Lai-kuen]

[Text] Director of Industry K. Y. Cheung said yesterday that the shift of labour-intensive industries to the Pearl River Delta has brought some relief to the manufacturing sector beset by a labour shortage.

Speaking at a symposium at Yokohama in Japan, Mr Cheung said that thousands of factories, funded by Hong Kong capital, were relocating in the region after China opened the area to foreign investment.

He said as a result of this move by the manufacturing sector, production had increased and helped fuel Hong Kong's growth.

At the same time, Hong Kong was also providing much of the capital that flowed into southern China and 70 percent of foreign investment on the mainland came from the territory.

Mr Cheung said that Japanese investment in Hong Kong led all other foreign investment and Japanese investors should also use this opportunity to increase their investments in China, using Hong Kong as an entry point.

Mr Cheung said the Industry Department and its investment promotion office in Tokyo had helped 19 new Japanese firms to set up manufacturing facilities in Hong Kong.

During the first five months of this year, another six Japanese factories have begun production.

In addition, the Industry Department is currently helping a further 65 Japanese firms with inquiries and 12 have made production commitments.

According to Japan's Ministry of International Trade and Investment, Japan's direct investment in Hong Kong was about U.S.\$4.07 billion up to the first half of fiscal 1987 and accounted for 16.4 percent of Japan's total investment in Asia.

Mr Cheung noted that the Japanese investment in Hong Kong had grown 46 percent since 1984 while the Japanese investment in Asia had increased 38 percent.

Basic Law Committee Members To Visit Hong Kong
HK0206125788 Beijing ZHONGGUO XINWEN SHE
in Chinese 0817 GMT 1 Jun 88

[Report by Wu Yi (0702 1150): "Mainland Members of the Hong Kong Basic Law Drafting Committee To Visit Hong Kong"]

[Text] Beijing, 1 Jun (ZHONGGUO XINWEN SHE)—At the invitation of the Hong Kong Basic Law Consultative Committee, some mainland members of the Hong Kong Basic Law Drafting Committee will arrive in Hong Kong on 3 June to solicit opinions from people from different circles in Hong Kong on the first draft of the Basic Law.

Under the arrangement with the Hong Kong Basic Law Consultative Committee, a wide range of opinions on the first draft of the Basic Law will be solicited from the people of Hong Kong and the mainland during the opinion-collecting period from May to September this year. This is the first visit by mainland members to Hong Kong since the announcement of the first draft of the Basic Law. Together with the Hong Kong members of the Basic Law Drafting Committee, they will listen to opinions from different circles. Mainland members of the Basic Law Drafting Committee will also visit Hong Kong in September.

The mainland members who will visit Hong Kong include Lu Ping, deputy secretary general of the Basic Law Drafting Committee and deputy director of the State Council's Hong Kong and Macao Affairs Office; Shao Tianren, Yong Longzhu, Wang Shuwen, and Xiao Weiyun, responsible persons of the group on special topics; Drafting Committee members Wu Jianfan and Xu Chongde; Liang Zixun, Lian Xisheng, and Wei Dingren, experts from the Basic Law Secretariat; and other working personnel, totaling 15 people. Hu Sheng, deputy director of the Basic Law Drafting Committee, will arrive in Hong Kong later than the above-named members to participate in their activities. Ji Pengfei, who arrived in Hong Kong today, will join the mainland members on 3 June in listening to the opinions of Hong Kong citizens on the first draft of the Basic Law.

It has been reported that on the afternoon of their arrival in Hong Kong, the mainland members will meet the Hong Kong members and start soliciting opinions from the people. As Lu Ping revealed, the members will listen to the opinions of people from different circles and social organizations as well as the individual opinions of Legislative Council members, Urban Council members, and District Board members. This will be a tightly scheduled visit.

This reporter interviewed some of the mainland members prior to their departure for Hong Kong. They said that there are a variety of plans for some provisions in the first draft of the Basic Law. They expressed the hope that people from all walks of life in Hong Kong will fully air their views on the first draft. While in Hong Kong the mainland members will hold dialogues and contacts with the local people and, if necessary, give explanations on certain provisions, so as to deepen mutual understanding.

As Xu Chongde pointed out, there is a need to listen to the opinions of people from all walks of life in Hong Kong because they live in different social strata, work in different positions, hold different status, and show concern for different provisions. He said that a Hong Kong reporter once asked him whether emphasis should be laid on quality or quantity when appraising the people's opinions. He pointed out that both quality and quantity should be taken into account and that opinions should be judged from whether they are conducive to Hong Kong's stability and prosperity, so that the Basic Law can be formulated in light of Hong Kong's actual conditions and in the interests of the people from different circles.

Law Drafter Blames Deficiencies on Inexperience
HK0106082388 Hong Kong SOUTH CHINA MORNING
POST in English 1 Jun 88 p 3

[By Chris Yeung]

[Text] Deficiencies in the Basic Law draft were the result of a lack of people experienced in the administration of government on the drafting committee, consultative committee vice-chairman Lo Tak-shing said yesterday.

Mr Lo said that apart from China's top representative in Hong Kong, Mr Xu Jiatao, who worked with the Jiangsu provincial government for more than two decades, few drafters were well-versed in administration.

"The drafters tend to be intellectuals, merchants, lawyers and the like. As a result, the point of view of administrators is not sufficiently explored."

Mr Lo, who has conducted a campaign to encourage the 400-plus Government administrative officers to speak up on the mini-constitution, said he shared the view of British Foreign Secretary Sir Geoffrey Howe that the first draft was far from perfect.

Some provisions might affect the high degree of autonomy given to the future Hong Kong Special Administrative Region (SAR), he said after addressing a lunch meeting of the Tsim Sha Tsui District Kaifong Welfare Association yesterday.

One glaring example was the provisions on education policy; one article stated that the future SAR would maintain the education system previously practised in Hong Kong, while another said the future SAR Government would formulate its own education policy.

Mr Lo, who resigned from the Executive Council in 1985 in protest against what he believed was a failure on the part of Britain to fulfill her obligations to Hong Kong people, has played an active role in drafting the Basic Law.

Mr Lo said the Basic Law should draw a clear line between the powers of the SAR and the central Government to ensure the high degree of autonomy for the SAR.

Detailed policies on areas such as education should also be separated from the main draft of the Basic Law which covered the fundamental guiding principles of the SAR, he added.

The Basic Law Consultative Committee has drawn up a three-week schedule for talks between a high-level mainland delegation of the drafting committee and community leaders.

The talks begin on Monday.

The chairman of the drafting body, Mr Ji Pengfei, who is also director of the Hong Kong and Macao Affairs Office under the State Council, arrives this morning.

Mr Ji, who will be accompanied by his wife, Ms Xu Hanbing, and his deputy, Mr Li Hou, will be the guest of the Governor, Sir David Wilson, for three days.

On Friday, he will be joined by a group of eight mainland drafters including Mr Lu Ping.

PRC Official Says Police Jobs Secure After 1997
HK0206045988 Hong Kong SOUTH CHINA MORNING POST in English 2 Jun 88 p 3

[Text] A senior Chinese official has assured Commissioner of Police Raymon Anning that jobs of police officers, including expatriates, are secure after 1997.

The deputy director of the State Council's Hong Kong and Macao Affairs Office, Mr Lu Ping, also said the People's Liberation Army (PLA), when it was stationed here after 1997, would not interfere with the work of the police.

In an interview with the police newspaper OFFBEAT, Mr Anning said he was given the reassurance during his recent 10-day visit to China.

"Mr Lu said he understood how important the force was in maintaining stability during the transitional period and expressed the hope that as many officers as possible would stay on after 1997 to serve the SAR [Special Administrative Region] Government," said Mr Anning.

On the future of expatriate police officers, Mr Anning said both had agreed that the "mix" had served the community well in the past and Mr Lu foresaw a role for expatriate officers in a similar fashion after 1997.

"Mr Lu also touched on the stationing of elements of the PLA in Hong Kong for purposes of national defence, and reassured me that there would be no interference by them in internal security or the working of the police which would be a matter for the SAR Government alone," said Mr Anning.

Operationally, Mr Anning said the current high rate of illegal immigration was discussed, statistics and trends were passed on and the co-operation of the Chinese authorities sought in resolving the problem.

Converted butterfly pistols were also discussed—a problem equally experienced across the border—together with explosives emanating from China and discovered in connection with fish bomb cases in Hong Kong waters.

On drug smuggling, Mr Anning said he had been told that since China had commenced their open door policy they were beginning to find a trafficking problem involving overseas visitors, including some Hong Kong Chinese.

He said counterfeit currency was also on his agenda because Hong Kong banknotes counterfeited here could find a market inside China, where they were less easily recognised as forgeries because of unfamiliarity.

"In fact on the morning of our visit to Hangzhou, the head of the CID [Criminal Investigation Department] told us that just the previous evening they had arrested a syndicate in possession of a large number of forged Hong Kong \$1,000 banknotes and my officers have taken details for follow up action," he added.

Hangzhou and Quilin were new ports of call for the commissioner and his party.

"This is because both cities now have direct air links with Hong Kong and we felt it important to establish contact to exchange views and open up avenues for further co-operation should it be needed," Mr Anning explained.

Another deviation occurred in Beijing where Vice-Mayor Su Zhong-xiang arranged for a visit to a police station.

"This was the first time we had been invited to visit a working policy station and it was interesting to see the differences in procedure.

"For example, we were shown the household registration system whereby everybody who lives in the district is registered, which obviously helps in crime prevention."

However, Mr Anning hastened to add that he did not see such a system being applicable to Hong Kong.

"Their whole system of law and criminal procedure is quite different to ours and whereas it is interesting to see how the other works and perhaps occasionally pick up a point or two, there are many facets which would not be practicable under our jurisdiction," he added.

Mr Anning said the frequency of meetings between the force and Public Security Bureau authorities in China had struck just the right balance.

"Six monthly intervals allows time to accumulate sufficient details to warrant the next visit.

"Any more, at this level, would be hard to sustain," he said.

Accompanying Mr Anning on the China visit—the seventh in the series since China joined Interpol—were Deputy Director (Crime) Peter Lee, Staff Officer (Interpol) John Chung and Mr Anning's personal assistant, Mr Ryan Lai.

Macao

Governor Returns From Beijing Visit
HK0306085988 Hong Kong SOUTH CHINA MORNING
POST in English 3 Jun 88 p 3

[Text] Macao Governor Mr Carlos Melancia returned from his official visit to Beijing yesterday, declaring that the trip was "very encouraging".

The Governor said that Chinese officials supported Macao's development projects in principle but he did not specify the projects.

He also admitted there were still problems to be solved.

Mr Melancia said he had four hours of talks with Chinese Vice-Foreign Minister, Mr Zhou Nan and a 45-minute meeting with Chinese Premier Mr Li Peng.

In Beijing, Mr Melancia officially extended his invitation to Mr Ji Pengfei to visit Macao. Mr Ji will visit Macao from June 12 to 15.

Mr Ji will meet representatives of Macao's Chinese community and Government officials, including Legislative Assembly members.

Sino-Portuguese Land Group Meets in Macao
OW0106141188 Beijing XINHUA in English
1314 GMT 31 May 88

[Text] Macao, May 3 (XINHUA) — The Sino-Portuguese Land Group held the third meeting here on May 30-31.

A communique released after the meeting said that new land leases (including renewing contracts and revising contracts) which should follow the outline of the Sino-Portuguese Joint Declaration and the Macao Government's 1988 plan for land leases were discussed at the meeting. They have identity of views on principles guiding the approval of the land for giant construction projects.

Agreement was also achieved on the Macao Government's approval procedures for land leases.

The meeting was held in a friendly and frank atmosphere.

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